PROSPECTUS

3G COAL LIMITED
ACN 602 793 153

FOR THE OFFER OF UP TO 30,000,000 SHARES AT AN ISSUE PRICE OF $0.20 PER SHARE TO RAISE UP TO $6,000,000 (MAXIMUM SUBSCRIPTION) WITH A MINIMUM SUBSCRIPTION OF 22,500,000 SHARES AT AN ISSUE PRICE OF $0.20 PER SHARE TO RAISE $4,500,000 (MINIMUM SUBSCRIPTION) (OFFER).

THIS PROSPECTUS IS DATED 25 SEPTEMBER 2018

LEAD MANAGER:

K S CAPITAL Pty Limited (ACN 124 761 557) is the holder of Australian Financial Services Licence (AFSL 316880)

This offer is not underwritten.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this you have any questions about the shares being offered under this prospectus, or any other matter, then you should consult your stockbroker, accountant or other professional advisor.

This investment is considered speculative.
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1. CORPORATE DIRECTORY

**Directors**

Russell Moran  
(Non-Executive Chairman)

Gino D’Anna  
(Executive Director)

Stephen Thomas  
(Non-Executive Director)

Brett McLeod  
(Managing Director)

**Company Secretary**

Paul Fromson

**Registered Office**

Unit 1  
44 Denis Street  
Subiaco WA 6008

Email: info@3gcoal.com  
Website: www.3gcoal.com

**Solicitors (Australia)**

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Telephone: +61 8 9321 4000  
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**Canadian Tenement Report Solicitors**

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Vancouver BC V7Y 1B3

Telephone: +1 604 661 9362  
Facsimile: +1 604 661 9349

**Share Registry***

Security Transfer Australia  
770 Canning Highway  
Applecross WA 6153

Telephone: +61 3 9315 2200  
Facsimile: +61 8 9315 2233

**Independent Geologist**

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Level 29  
140 William Street  
Melbourne VIC 3000

Telephone: +61 3 8601 3300  
Facsimile: +61 3 8601 3399

**Auditor**

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38 Station Street  
Subiaco WA 6008

Telephone: +61 8 6382 4600  
Facsimile: +61 8 6382 4601

**Investigating Accountant**

BDO Corporate Finance (WA) Pty Ltd  
38 Station Street  
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Telephone: +61 8 6382 4600  
Facsimile: +61 8 6382 4601

**Lead Manager**

K S Capital Pty Ltd  
Level 36, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

Telephone: +61 2 8823 3542  
Email: g.wood@kscapital.com.au

**ASX Code**

3GC

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.*
2. IMPORTANT NOTICE

This prospectus is dated 25 September 2018 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

2.1 Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

2.2 Website – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.3gcoal.com if you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

2.3 Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Shares under this Prospectus.
2.4 Risks

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Shares. There are risks associated with an investment in the Company. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares. Refer to Section 3.5 as well as Section 7 for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

2.5 Website

No document or information included on our website is incorporated by reference into this Prospectus.

2.6 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as ‘may’, ‘could’, ‘believes’, ‘estimates’, ‘targets’, ‘expects’, or ‘intends’ and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

The Company cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7.

2.7 Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this prospectus are illustrative only and may not be drawn to scale.

2.8 Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other
professional adviser without delay. Should you have any questions about the Offer or how to accept the Offer please call the Company Secretary on 0400 408 878.
3. INVESTMENT OVERVIEW

This Section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

3.1 The Company

The Company was incorporated on 11 November 2014 as BC Copper NL with a business model to acquire and explore high-grade copper projects in British Columbia, Canada. To facilitate the acquisition of potential copper projects, a local Canadian subsidiary was incorporated, known as BC Copper Canada Inc. Over the period from November 2014 to August 2015, the Company undertook a rigorous due diligence program covering a number of potential copper project acquisitions, however, none of the projects were deemed suitable for investment as internal investment criteria was not met.

Identifying a shift in investment sentiment and an increased demand for metallurgical coal, the executive management team of the Company commenced evaluating acquisition opportunities in the metallurgical coal sector across Canada. To facilitate the acquisition of potential metallurgical coal projects, a second local Canadian subsidiary was incorporated, known as BC Anthracite Inc. BC Anthracite Inc is a wholly owned subsidiary of the Company.

In August 2015, BC Anthracite Inc. made its first acquisition of coal licence applications in the Groundhog Coalfield, part of the Bowser Basin, located in North-West British Columbia. Over the period from August 2015 to September 2015, BC Anthracite Inc. continued to acquire coal licence applications in this developing coal precinct, which later became known as the Groundhog South Metallurgical Coal Project (Groundhog South Project or Project).

The Company commenced the process of applying to the Ministry of Titles in British Columbia for the conversion of the coal licence applications to granted coal tenure and as well commenced its consultation and engagement with local communities and First Nations proximal to the Groundhog South Project. In February 2016, the Ministry of Titles in British Columbia granted BC Anthracite Inc. with 31 coal licences, representing all of the coal licences that had been previously applied for.

As a result of the change in focus, the Company changed its name from BC Copper NL to BC Anthracite NL, and this was later changed to 3G Coal NL. In June 2018, the Company underwent a change of status and name to become 3G Coal Limited. In mid-January 2017, the Company elected to dissolve BC Copper Canada Inc. and only retain BC Anthracite Inc. as a wholly owned subsidiary.

Today, 3G Coal is a pure-play metallurgical coal explorer with its head office in Australia and a satellite office in British Columbia, Canada.

The Company is developing its 100% owned (via its wholly owned subsidiary BC Anthracite Inc) Groundhog South Project located in the Groundhog Coalfield of British Columbia, Canada.

The Groundhog South project is comprised of 31 granted coal licences covering 361 km² and hosts an Exploration Target of 2.0 to 3.3 billion tonnes of anthracite, reported in accordance with the JORC Code.

The Exploration Target as defined by Clause 17 of the JORC Code 2012 Edition. The Exploration Target quality and quantity is conceptual in nature. There has been
insufficient exploration to define a Coal Resource and it is uncertain if further exploration will result in the Exploration Target being delineated as a Coal Resource.

The Company has recently been granted an initial five-year drilling permit and plans to commence its maiden diamond drilling campaign shortly after its admission to the Official List.

The identification of a world class metallurgical Coal Resource and commensurate development will be a key driver of future Shareholder value. The Company is also seeking to pursue complementary acquisitions in the metallurgical coal sector, where they have the potential to drive Shareholder returns.
3.2 Location of the Project

The Groundhog South Project is located at the southernmost point of the Groundhog Coalfield in British Columbia, Canada. It is bisected by a railway easement, that connects to a railway network, that links to all of the major coal export terminals in Western Canada.

![Groundhog South Project Location Map]

Figure 1: Groundhog South Project Location Map

3.3 Corporate and Strategic Objectives

The Company’s main objectives on completion of the Offer are to:

(a) fund a maiden diamond drilling campaign at the Groundhog South Project;
(b) fund commencement of environmental baseline studies at the Groundhog South Project to support submission of a 100,000-tonne bulk sample and future mine permitting activities;
(c) subject to successful drilling:
   (i) fund the costs of geological modelling and Coal Resource estimation, reported in accordance with the JORC Code, for the Groundhog South Project;
   (ii) fund the cost of detailed coal quality sampling and testing program for the purpose of designing a ULV PCI coal product specification based on coal from the Groundhog South Project for early trials with potential offtake partners;
(iii) fund the cost of a scoping study for the development of a potentially world class ULV PCI coal operation at the Groundhog South Project;

(iv) fund the annual maintenance costs associated with the Company’s granted Licences;

(v) fund the expenses of the Offer and the associated costs of listing the Company on ASX;

(vi) meet the ongoing administrative costs of the Company and provide working capital;

(vii) provide a liquid market for Shares and an opportunity for new Shareholders to invest in the Company;

(viii) provide the Company with access to funding from equity capital markets; and

(ix) provide the next two years of working capital for the Company.

3.4 **Key Investment Highlights**

Key investment highlights associated with the Company include:

(a) an experienced Board with unique expertise in the geology, infrastructure and community relations relevant to the Groundhog South Project in the Groundhog Coalfield;

(b) Board and management possess significant first-hand experience in dealing with bulk commodities and access to potential North Asian customers of a ULV PCI coal derived from Anthracite Coal;

(c) the Groundhog South Project is located in the mining friendly jurisdiction of British Columbia, Canada;

(d) the Groundhog South Project is bisected by a railway easement, that connects to a railway network, that links to all of the major coal export terminals in Western Canada;

(e) the Groundhog South Project hosts an Exploration Target of 2.0 to 3.3 billion tonnes of anthracite, reported in accordance with the JORC Code, contained within 31 granted coal licences covering 361 km²;

The Exploration Target as defined by Clause 17 of the JORC Code 2012 edition. The Exploration Target quality and quantity is conceptual in nature. There has been insufficient exploration to define a Coal Resource and it is uncertain if further exploration will result in the Exploration Target being delineated as a Coal Resource.

(f) near term focus on drilling activities and the delivery of a Coal Resource at the Groundhog South Project; and

(g) in addition to its current portfolio of assets, the Company intends to pursue new projects in the metallurgical and high quality export coal sector, both in North America and overseas, by way of acquisition or investment.
3.5 Key Risks

The business, assets and operations of our Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of our Company.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited.

Set out below are specific risks that the Company is exposed to. Further risks associated with an investment in the Company are outlined in Section 7.

No current market

There is currently no public market for the Shares, the price of Shares is subject to uncertainty and there can be no assurance that an active market for the Shares will develop or continue after the Offer.

Limited history

Although the Company was incorporated on 11 November 2014, it has only owned the granted coal licences that comprise the Groundhog South Project since 16 February 2016 and has relatively limited operating history and limited historical financial performance. Exploration has previously been conducted on the area of land the subject of the Licences, however, the Company is yet to conduct its own drilling exploration activities and will not commence these activities until the Company has been admitted to the Official List. As noted in the Independent Geologist’s Report in Section 8, the Groundhog South Project is considered an early stage exploration project. No assurance can be given that the Company will achieve commercial viability through the successful exploration and/or mining. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

Aboriginal Land Claims

Canadian judicial decisions have recognised the continued existence of Aboriginal and treaty rights in Canada, including title to lands continuously used or occupied by Aboriginal groups. Many lands in British Columbia are or could become subject to further Aboriginal lands claim to title, which could adversely affect 3G Coal’s title to its Licences and properties.

As a means of protecting treaty and Aboriginal rights, as well as undetermined Aboriginal rights, Canadian courts continue to confirm a duty to consult with Aboriginal groups when the Crown has knowledge of existing rights or the potential existence of an Aboriginal right, such as title or hunting rights, and contemplates conduct that might adversely impact such Aboriginal rights. As issues relating to Aboriginal and treaty rights and consultation continue to be heard, developed and resolved in Canadian courts, 3G Coal will be required to cooperate, communicate and exchange information and views with Aboriginal groups and government, and participate with the Crown in its consultation processes with Aboriginal groups in order to foster good relationships and minimize risks to the company’s rights and interests. Due to their complexity, it is not expected that the issues regarding Aboriginal and treaty rights or consultation will be finally resolved in the short term and, accordingly, the impact of these issues on mineral resources and on the Company’s exploration plans, and potential mining operations is unknown at this time. Should a dispute arise between the First Nations and the Crown, it could
significantly restrict 3G Coal’s ability to continue further exploration and operational efforts within the region.

3G Coal requires licenses, permits and approvals from various governmental authorities to conduct its operations, any loss of which could have a material adverse effect on 3G Coal’s business.

The Company has recently been granted an initial five (5) year drilling permit which required consultation and engagement with First Nation and local communities.

**Environmental Approvals Risk**

The Company is reliant on environmental approvals in British Columbia to enable it to proceed with the exploration and anticipated development of its projects. There is no guarantee that the required approvals will be granted in order to allow the Company to proceed with the exploration and anticipated development of its projects. Failure by the Company to obtain the relevant approvals, or any delay in the award or transfer of the approvals, may materially and adversely affect the ability of the Company to proceed with the exploration and anticipated development of one or more of its projects.

**Achievement of objectives**

The Company’s initial investments may not be successful in delivering the outcomes and returns contemplated in the Company’s business plan. In addition, other investments which the Company may make in the coal exploration area may not generate the financial returns anticipated at the time the investment and/or acquisition is undertaken. The Directors are unable to provide investors with information as to the ultimate size and scale of the Company’s potential resource base and accordingly, investors must make their decision to invest on the basis of the skills of the Directors.

**Dependence on Directors and management**

The Company is dependent on its Directors and management to drive the drilling, coal quality testing, off-take and marketing and selling programs and manage the path to fully commercialising any potential resource base. The loss of services of such Directors and management could have an adverse effect on the proposed operations of the Company.

**Title Risk**

The Licences are governed by legislation relating to grant, renewal and forfeiture. There is no guarantee that current or future applications, conversions or renewals of tenure will be approved. The Licences will be subject to a number of specific legislative conditions including payment of rent and meeting minimum annual expenditure commitments.

The inability to meet these conditions in relation to the Licences could affect the standing of Licences or restrict its ability to be renewed, adversely affecting the operations, financial position and performance of the Company.
Resource Estimates

Currently there are no historic or current Coal Resource estimates, reported in accordance with the JORC Code on the Project. The Project does however host an Exploration Target of 2.0 to 3.3 billion tonnes of Anthracite Coal that has been reported in accordance with the JORC Code. Should a Coal Resource be reported in accordance with JORC Code in the future, that resource estimate will be an expression of judgment based on knowledge, experience and industry practice.

The Exploration Target as defined by Clause 17 of the JORC Code 2012 edition. The Exploration Target quality and quantity is conceptual in nature. There has been insufficient exploration to define a Coal Resource and it is uncertain if further exploration will result in the Exploration Target being delineated as a Coal Resource.

Coal Resources estimations which were valid when originally estimated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.

As further information becomes available through additional fieldwork and analysis, the estimations are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company’s operations.

Future capital needs

The raising of additional funds by the Company to further invest in the exploration and development of any assets may not be possible, or not on sufficiently attractive terms. This may be due to reasons such as general market conditions and investor sentiment and confidence. No assurance can be given that future funding will be available to the Company on favourable terms, or at all.

Regulatory risk

The Company’s exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company’s operations. These permits relate to exploration, development, production and rehabilitation activities. Obtaining necessary permits can be a time-consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all.

Permitting and Approvals Risk

Mineral exploration companies in British Columbia require licences and permits from various governmental authorities. The validity of ownership of property holdings can be uncertain and may be contested. Risk always exists that some titles, particularly titles to undeveloped properties, may be defective or subject to prior unregistered agreements or transfers.

3G Coal’s future operations will require license, approvals and permits from various governmental authorities and such operations will be subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, surface rights, environmental protection, safety and other matters, and dependent upon the
grant, or as the case may be, the maintenance of appropriate licenses, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of licences, obtaining renewals, or getting licences granted, often depends on 3G Coal being successful in obtaining required statutory approvals for the proposed activities and that the licenses, concessions, leases, permits or regulatory consents 3G Coal holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permitting requirements. There can be no assurance that approvals and permits required to commence production on 3G Coal’s future mining properties or interests will be obtained. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which we have interests and there can be no assurance that we will be able to obtain or maintain all necessary licenses, approvals and permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs.

Any inability to conduct 3G Coal’s mining operations pursuant to applicable authorisations would materially reduce 3G Coal’s production and cash flow.

The Company has recently been granted an initial five (5) year drilling permit which required consultation and engagement with First Nation and local communities.

**Coal Mining Risks**

Coal mining is subject to inherent risks and is dependent upon a number of conditions beyond the control of 3G Coal that can affect the costs and production schedules at particular mines. These risks and conditions include, but are not limited to:

(a) variations in geological conditions, such as the thickness of the coal seam and amount of rock embedded in the coal deposit and variations in rock and other natural materials overlying the coal deposit;

(b) mining, process and equipment or mechanical failures and unexpected maintenance problems;

(c) adverse weather and natural disasters, such as heavy rains or snow, flooding and other natural events affecting the operations, transportation or customers;

(d) environmental hazards, such as subsidence and excess water ingress;

(e) delays and difficulties in acquiring, maintaining or renewing necessary permits or mining rights;

(f) availability of adequate skilled employees and other labor relations matters;

(g) unexpected mine accidents, including rock-falls and explosions caused by the ignition of coal dust, natural gas or other explosive sources at our mine sites or fires caused by the spontaneous combustion of coal or similar mining accidents; and
(h) competition and/or conflicts with other natural resource extraction activities and production within our operating areas, such as coalbed methane extraction or oil and gas development.

These risks and conditions could result in damage to or the destruction of 3G Coal’s mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and legal liability. 3G Coal’s insurance coverage may not be available or sufficient to fully cover claims that may arise from these risks and conditions.

3.6 The Offer, Lead Manager and Fees Payable

The Company invites applications for an offer of up to 30,000,000 Shares at an issue price of $0.20 per Share to raise up to $6,000,000 (Maximum Subscription) with a minimum subscription of 22,500,000 Shares at an issue price of $0.20 per Share to raise $4,500,000 (Minimum Subscription).

The Company has appointed K S Capital Pty Ltd (K S Capital or Lead Manager) as lead manager and corporate adviser to the Company in connection with the Offer. Refer to Section 12.1 for a summary of the Lead Manager mandate. The Company confirms that as at the date of this Prospectus, K S Capital (or its associates) does not hold any securities in the Company.

The following fees will be paid (or issued) to K S Capital:

(a) An upfront retainer cash payment of $20,000 for corporate advisory services in connection with the Offer (Upfront Retainer Fee).

(b) Upon the Company reaching the Minimum Subscription amount of $4,500,000 and receiving conditional approval to list on ASX, the Company has agreed to issue to K S Capital (or its nominees) or pay to K S Capital (or its nominees):

(i) 2% of the gross proceeds on capital raised under the Offer;

(ii) 4% of the gross proceeds on capital raised by K S Capital under the Offer;

(iii) 3,000,000 Shares (issued at a deemed price of $0.0001 per Share), subject to 24 months’ escrow;

(iv) 2,000,000 Lead Manager Options with an exercise price of $0.25 per Option and an expiry date of four (4) years from the date of quotation of the Company’s Shares. The Lead Manager Options will be subject to 24 months’ escrow. The full terms and conditions of the Lead Manager Options are set out in Section 13.3; and

(v) $75,000 cash success fee, less the incremental amount paid pursuant to the Upfront Retainer Fee.

The Company must reimburse K S Capital for all reasonable expenses incurred in connection with the engagement including, without limitation, reasonable fees and disbursements of legal counsel, roadshow expenses, marketing and communication, printing, couriers, postage, distribution, accommodation and travel costs (including economy class air travel within Australia and business class travel for international travel exceeding six (6) hours). K S Capital must seek the written approval of the Company prior to incurring any individual expenses above $1,000 or aggregate expenses above $5,000.
The estimated aggregate value of all payments to be made to K S Capital (or its nominee) pursuant to the Lead Manager mandate is set out in the below table:

<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>Shares</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Upfront Retainer Fee</strong></td>
<td>20,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2% of the gross proceeds on capital raised under the Proposed Transaction</strong></td>
<td>90,000¹</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>4% of the gross proceeds on capital raised by K S Capital under the Proposed Transaction</strong></td>
<td>180,000²</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3,000,000 Shares</strong></td>
<td>-</td>
<td>3,000,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>2,000,000 Lead Manager Options</strong></td>
<td>-</td>
<td>-</td>
<td>2,000,000</td>
</tr>
<tr>
<td><strong>Remaining Balance of $75,000 cash success fee</strong></td>
<td>55,000</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>345,000</td>
<td>3,000,000</td>
<td>2,000,000</td>
</tr>
</tbody>
</table>

**Notes:**

1. Being 2% of the Minimum Subscription, assuming the full Minimum Subscription is raised.
2. Assumes K S Capital (or its nominees) raises the Minimum Subscription.

The key information relating to the Offer and references to further details are set out below.

**Indicative timetable**

- Lodgement of prospectus with the ASIC: 25 September 2018
- Exposure period begins: 25 September 2018
- Opening Date: 3 October 2018
- Closing Date of the Offer: 9 November 2018
- Issue of Shares under the Offer: 16 November 2018
- Despatch of holding statements: 20 November 2018
- Expected date for quotation on ASX: 30 November 2018

*The above dates are indicative only and may change without notice. The Exposure Period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act. The Company reserves the right to extend the Closing Date or close the Offer early without prior notice. The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to Applicants.*

### 3.7 Purpose of the Offer

The purpose of the Offer is to facilitate an application by the Company for admission to the Official List of ASX and position the Company to seek to achieve the objectives set out above in Section 3.3.

The Company intends on applying the funds raised under the Offer along with its current cash reserves in the manner detailed in Section 3.8.
3.8 Use of Funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves, over the first two years following admission of the Company to the Official List of the ASX as follows:

<table>
<thead>
<tr>
<th>Funds available</th>
<th>Minimum Subscription ($)</th>
<th>Percentage of Funds (%)</th>
<th>Maximum Subscription ($)</th>
<th>Percentage of Funds (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing cash reserves¹</td>
<td>100,000</td>
<td></td>
<td>100,000</td>
<td></td>
</tr>
<tr>
<td>Funds raised from the Offer</td>
<td>4,500,000</td>
<td></td>
<td>6,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,600,000</strong></td>
<td><strong>100</strong></td>
<td><strong>6,100,000</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Allocation of funds**

<table>
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<tr>
<th></th>
<th>Minimum Subscription ($)</th>
<th>Percentage of Funds (%)</th>
<th>Maximum Subscription ($)</th>
<th>Percentage of Funds (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses of the Offer²</td>
<td>622,412</td>
<td>13.53</td>
<td>714,617</td>
<td>11.72</td>
</tr>
<tr>
<td>Coal Product Testing³</td>
<td>150,000</td>
<td>3.26</td>
<td>200,000</td>
<td>3.28</td>
</tr>
<tr>
<td>Drilling Campaigns and</td>
<td>2,600,000</td>
<td>56.52</td>
<td>3,700,000</td>
<td>60.66</td>
</tr>
<tr>
<td>Environmental baseline testing⁴</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scoping Studies</td>
<td>250,000</td>
<td>5.43</td>
<td>300,000</td>
<td>4.92</td>
</tr>
<tr>
<td>Administration costs⁵</td>
<td>750,000</td>
<td>16.30</td>
<td>1,000,000</td>
<td>16.39</td>
</tr>
<tr>
<td>Project Evaluation</td>
<td>150,000</td>
<td>3.26</td>
<td>150,000</td>
<td>2.46</td>
</tr>
<tr>
<td>Working capital⁶</td>
<td>77,588</td>
<td>1.69</td>
<td>35,383</td>
<td>0.58</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,600,000</strong></td>
<td><strong>100</strong></td>
<td><strong>6,100,000</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Notes:**

1. Refer to the Investigating Accountant’s Report set out in Section 9 for further details.
2. Refer to Section 13.15 for further details.
3. Coal Product Testing relates to the testing of drill core and lump coal testing of the Groundhog South Project’s anthracite as a potential ULV PCI coal for export customers, including shipping and iterative testing with potential customers.
4. Drilling Campaigns relates to the exploration drilling campaigns to be undertaken at the Groundhog South Project. Environmental baseline testing will involve initial collection of environmental data in support of future permitting activities.
5. Administration costs relate to the costs of maintaining the key personnel of the Company, executive service fees, maintaining the costs of the overall administration of the Company, including but not limited to the costs of office premises, associated costs with auditing a public company and the cost of the Company being listed on the ASX generally, outside of the exploration expenditure.
6. Working capital relates to payment of directors fees, payment of insurance and related expenditures, international and domestic travel for key management personnel to the Projects and on investor roadshows. The working capital budget also includes an unallocated portion which is intended to be applied to expenditure where necessary and which is outside of the budgeted amounts. This could relate to exploration expenditure if the Company determines it appropriate to allocate additional funds to Project-related exploration expenditure.

In the event the Company raises more than the Minimum Subscription, the additional funds raised (after deducting expenses of the Offer, which will vary depending on the amount raised) will be applied towards Drilling Campaigns, followed by Coal Product Testing and finally towards general working capital.
It should be noted that the Company’s budgets will be subject to modification on an ongoing basis depending on the results obtained from the Company’s initial operations following listing on ASX. This will involve an ongoing assessment of the Company’s activities.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Directors consider that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives. It should however be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Sections 3.5 and 7.

It should be noted that the Company is unlikely to be self-funding through its own operational cash flow within the next 2 years. Accordingly, the Company may require additional capital beyond this point, which will likely involve the use of additional debt or equity funding.
3.9 Capital Structure

The capital structure of the Company following completion of the Offer is summarised below:

### Shares

<table>
<thead>
<tr>
<th>Shares</th>
<th>Number (Minimum Subscription)</th>
<th>Number (Maximum Subscription)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Shares on Issue</td>
<td>26,940,000</td>
<td>26,940,000</td>
</tr>
<tr>
<td>Shares to be issued to Lead Manager (or nominee)</td>
<td>3,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Shares to be issued pursuant to the Offer</td>
<td>22,500,000</td>
<td>30,000,000</td>
</tr>
<tr>
<td><strong>Total Shares on completion of the Offer</strong></td>
<td>52,440,000</td>
<td>59,940,000</td>
</tr>
</tbody>
</table>

### Options

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlisted Founder Options currently on issue</td>
<td>12,060,000</td>
</tr>
<tr>
<td>Unlisted Seed Participant Options Issued on a 1-for-4 basis pursuant to Seed Raisings</td>
<td>1,980,000</td>
</tr>
<tr>
<td>Unlisted Consultant Options</td>
<td>500,000</td>
</tr>
<tr>
<td>Unlisted Managing Director Sign-on Options Issued to Managing Director</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Unlisted Options to be Issued to Loan Participants</td>
<td>600,000</td>
</tr>
<tr>
<td><strong>Total Options on completion of the Offer</strong></td>
<td>16,140,000</td>
</tr>
</tbody>
</table>

### Lead Manager Options

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlisted Options to be issued to Lead Manager (or nominee)</td>
<td>2,000,000</td>
</tr>
<tr>
<td><strong>Lead Manager Options on completion of the Offer</strong></td>
<td>2,000,000</td>
</tr>
</tbody>
</table>

### Performance Rights

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board &amp; Management Performance Rights currently on issue</td>
<td>5,750,000</td>
</tr>
<tr>
<td><strong>Total Performance Rights on completion of the Offer</strong></td>
<td>5,750,000</td>
</tr>
</tbody>
</table>

**Notes:**
1. Refer to the Investigating Accountant’s Report set out in Section 9 for further details.
2. The rights attaching to the Shares are summarised in Section 13.2.
3. The Company currently has 26,940,000 Shares currently on issue – refer to the prior issues and consolidations of capital detailed in Section 3.10.
4. Each Option will be unquoted and is exercisable at $0.25 on or before that date which is 4 years from the date of the Company being admitted to the Official List. Refer to Section 13.4 for the full terms of these Options.
5. Each Option will be unquoted and is exercisable at $0.25 on or before that date which is 3 years from the date of issue. Refer to Section 13.7 for the full terms of these Options.
6. Each Option will be unquoted and is exercisable at $0.25 on or before that date which is 3 years from the date of issue. Refer to Section 13.6 for the full terms of these Options.
7. Each Option will be unquoted and is exercisable at $0.25 on or before that date which is 3 years from the date of the Company being admitted to the Official List. Refer to Section 13.7 for the full terms of these Options.

8. The Company completed a loan funding process to raise $120,000 through which participants in the unsecured loan funding process would be entitled to receive a 10% coupon payment (payable at the time of repayment) together with the issue of 600,000 unlisted options on the basis of every $1 contributed to the loan funding process, participants would receive 5 unlisted Options. Each Option will be unquoted and is exercisable at $0.25 on or before that date which is 3 years from the date of the Company being admitted to the Official List. Refer to Section 13.7 for the full terms of these Options.

9. Each Option will be unquoted and exercisable at $0.25 on or before that date which is 4 years from the date of the Company being admitted to the Official List. Refer to Section 13.3 for full terms.

10. The Company has issued 5,750,000 Performance Rights to members of the Board and Executive Management (or their nominees) which will convert into Shares on the basis of certain performance milestones being achieved. Refer to Sections 12.2, 12.3, 12.4 and 12.5 for more information.

11. his table does not include the Loyalty Options that the Company intends to offer to Shareholders 3 months from the date of listing on the ASX. Refer to Section 5.12 for further details.

Subject to the Company being admitted to the Official List, certain Securities on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. No Shares issued under the Offer will be subject to escrow under the ASX Listing Rules.

The Company will announce to the ASX full details (quantity and duration) of the Shares, Options and Performance Rights required to be held in escrow prior to the Shares commencing trading on ASX.

3.10 Pre-Offer Raisings and Consolidations

The Company currently has 26,940,000 Shares currently on issue and 15,540,000 Options, which comprises the below issues and consolidations of capital that have occurred before the Offer:

<table>
<thead>
<tr>
<th>Description</th>
<th>Date Issued</th>
<th>Price</th>
<th>No. of Fully Paid Shares</th>
<th>No. of Partly Paid Shares</th>
<th>No. of Options</th>
<th>%, price and value of Shares and Options issued to Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares issued pursuant to incorporation</td>
<td>23 October 2015</td>
<td>$0.00001</td>
<td>16,500,000</td>
<td>8,000,000</td>
<td>Nil</td>
<td>16,000,000 Shares (96.97%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Price per Share: $0.00001</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total value at $0.00001 per share: $160</td>
</tr>
<tr>
<td>Pre-seed capital raising</td>
<td>3 November 2015</td>
<td>$0.05</td>
<td>4,400,000</td>
<td>-</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Conversion of Loans from Directors to the Company into fully paid ordinary shares</td>
<td>15 March 2016</td>
<td>$0.05</td>
<td>4,100,000</td>
<td>-</td>
<td>-</td>
<td>4,100,000 Shares (100%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Price per Share: $0.05</td>
</tr>
<tr>
<td>Event Description</td>
<td>Date</td>
<td>Price</td>
<td>Shares</td>
<td>Total Value</td>
<td>Notes</td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------------</td>
<td>------------</td>
<td>-------</td>
<td>--------</td>
<td>-------------</td>
<td>-------</td>
<td></td>
</tr>
<tr>
<td>Seed capital raising</td>
<td>6 April 2016</td>
<td>$0.05</td>
<td>100,000</td>
<td>$205,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share split</td>
<td>15 April 2016</td>
<td>Not Applicable</td>
<td>25,100,000</td>
<td>$205,000</td>
<td>Shares (80.08%)</td>
<td></td>
</tr>
<tr>
<td>Seed capital raising</td>
<td>27 April 2016</td>
<td>$0.08</td>
<td>600,000</td>
<td>-</td>
<td>Nil</td>
<td></td>
</tr>
<tr>
<td>Seed capital raising</td>
<td>15 April 2017</td>
<td>$0.10</td>
<td>7,800,000</td>
<td>-</td>
<td>Nil</td>
<td></td>
</tr>
<tr>
<td>To existing seed capital shareholders to raise $66 before costs</td>
<td>4 January 2018</td>
<td>$0.00001</td>
<td>6,600,000</td>
<td>-</td>
<td>Nil</td>
<td></td>
</tr>
<tr>
<td>Raising of $630,000 before costs</td>
<td>8 January 2018</td>
<td>$0.10</td>
<td>6,300,000</td>
<td>-</td>
<td>1,575,000</td>
<td></td>
</tr>
<tr>
<td>Selective consolidation of capital - on the basis that for the affected shareholders ten (10) Ordinary Shares be consolidated into three (3) Ordinary Shares resulting in a cancellation of 28,140,000 shares</td>
<td>27 April 2018</td>
<td>Not Applicable</td>
<td>-44,380,000</td>
<td>-</td>
<td>Nil</td>
<td></td>
</tr>
<tr>
<td>Cancellation of 1,800,000 ordinary fully paid shares for one shareholder</td>
<td>27 April 2018</td>
<td>Not Applicable</td>
<td>-1,800,000</td>
<td>-</td>
<td>Nil</td>
<td></td>
</tr>
<tr>
<td>Conversion of 16,000,000 partly paid shares into 9,600,000 Options with an exercise price of $0.25 expiring 4 years after the Company lists on ASX.</td>
<td>27 April 2018</td>
<td>Nil</td>
<td>- (16,000,000)</td>
<td>9,600,000</td>
<td>Options (100%)</td>
<td></td>
</tr>
<tr>
<td>Raise of $52,000 before costs</td>
<td>18 May 2018</td>
<td>$0.10</td>
<td>520,000</td>
<td>-</td>
<td>130,000</td>
<td></td>
</tr>
<tr>
<td>Issue of Unlisted Options to Directors and Consultants</td>
<td>25 May 2018</td>
<td>-</td>
<td>-</td>
<td>3,960,000</td>
<td>Options (87.37%)</td>
<td></td>
</tr>
<tr>
<td>Raise of $50,000 before costs</td>
<td>29 May 2018</td>
<td>$0.10</td>
<td>500,000</td>
<td>-</td>
<td>125,000</td>
<td>Nil</td>
</tr>
<tr>
<td>Raise of $60,000 before costs</td>
<td>15 June 2018</td>
<td>$0.10</td>
<td>600,000</td>
<td>-</td>
<td>150,000</td>
<td>Nil</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td>26,940,000</td>
<td>Nil</td>
<td>15,540,000</td>
<td>Shares 12,060,000 Shares (44.77%) Value at $0.10 per share: $1,206,000 Options 13,060,000 Options (84.04%) Value: $1,306,000</td>
</tr>
</tbody>
</table>

As per the above table, K S Capital (or its associates) have not participated in the any pre-Offer capital raisings.

As per the above table, the Directors (or their associates) participated in the pre-Offer capital raisings under which each director obtained the following:

(a) Russell Moran was issued 8,952,000 Shares and 8,952,000 Options at a combined value of $984,720

(b) Gino D’Anna was issued 3,108,000 Shares and 3,108,000 Options at a combined value of $341,880

(c) Brett Mcleod was issued 1,000,000 Options at a value of $10,000;

In addition to the above, the Directors have also been issued performance rights. Refer to section 3.11 for details of all securities held by the Directors.

### 3.11 Interests of Directors

For each of the Directors, the proposed annual remuneration (excluding GST) for the financial year following the Company being admitted to the Official List together with the relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

<table>
<thead>
<tr>
<th>Director</th>
<th>Remuneration</th>
<th>Shares</th>
<th>Options</th>
<th>Performance Rights</th>
<th>% Shares Held (undiluted)</th>
<th>% Shares held (diluted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brett Mcleod</td>
<td>$300,000</td>
<td>Nil</td>
<td>1,000,000</td>
<td>4,000,000</td>
<td>0%</td>
<td>11.17%</td>
</tr>
<tr>
<td>Russell Moran</td>
<td>$36,000</td>
<td>8,952,000</td>
<td>8,952,000</td>
<td>500,000</td>
<td>33.23%</td>
<td>41.13%</td>
</tr>
<tr>
<td>Gino D’Anna</td>
<td>$36,000</td>
<td>3,108,000</td>
<td>3,108,000</td>
<td>500,000</td>
<td>11.54%</td>
<td>15.01%</td>
</tr>
<tr>
<td>Stephen Thomas</td>
<td>$36,000</td>
<td>Nil</td>
<td>Nil</td>
<td>250,000</td>
<td>0%</td>
<td>0.56%</td>
</tr>
</tbody>
</table>
Notes:

1. The remuneration in the above table does not include any service fees as set out in Section 12.

2. Each Option is unquoted and exercisable at $0.25 on or before that date which is 3 years from the date of the Company being admitted to the Official List.

3. These Shares were issued at a deemed price of $0.00001 per Share. Also refer to section 3.10 for details of the Directors’ participation in pre-Offer and seed capital raisings. These Shares were issued as part of the incorporation of the Company.

4. 6,600,000 Options to Talos Mining Pty Ltd with an exercise price of 25 cents and expiry period 4 years from quotation of the shares on ASX. A further 2,352,000 Options were issued to Talos Mining Pty Ltd on 25 May 2018 with an exercise price of $0.25 on or before that date which is 4 years from the date of the Company being admitted to the Official List.

5. Mr D’Anna’s relevant interest in Shares and Options arises as a result of his spouse, Rachel D’Anna, holding these Securities.

6. 3,000,000 options issued to Rachel D’Anna exercisable at $0.25 on or before that date which is 4 years from the date of the Company being admitted to the Official List. A further 108,000 were issued to Rachel D’Anna exercisable at $0.25 on or before that date which is 4 years from the date of the Company being admitted to the Official List.

7. The Company has issued 500,000 Performance Rights to Russell Moran (or his nominee) on the terms set out in Section 12.2, 500,000 Performance Rights to Gino D’Anna (or his nominee) on the terms and conditions set out in Section 12.3, 250,000 Performance Rights to Stephen Thomas (or his nominee) on the terms and conditions set out in Section 12.4 and 4,000,000 Performance Rights to Brett Mcleod (or his nominee) on the terms and conditions set out in Section 12.5. The Performance Rights were issued for nil consideration.

8. Based on current issued Shares in the Company being 26,940,000.

9. Based on current issued Shares in the Company being 26,940,000 and assumes the exercise of all Options and the conversion of all Performance Rights, however this percentage will be reduced by the number of Shares issued in the future including under the Offer.

10. The options were issued for nil consideration. These Options were not issued as part of any seed capital raisings.

The Company’s Constitution provides that the remuneration of Non-Executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The Company will seek the approval of Shareholders to set the payment of fees to the Non-Executive Directors in aggregate to not exceed $400,000 per annum, although this may be varied by ordinary resolution of the Shareholders in general meeting. The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

Also refer to section 3.10 for details of the Directors’ participation in pre-Offer and seed capital raisings.

3.12 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer (assuming full subscription) are set out in the respective tables below.

As at the date of the Prospectus

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Shares (undiluted)</th>
<th>Options (undiluted)</th>
<th>% (undiluted)</th>
<th>% (fully diluted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talos Mining Pty Ltd ATF Talos Mining trust</td>
<td>8,952,000</td>
<td>8,952,000</td>
<td>33.23%</td>
<td>41.56%</td>
</tr>
<tr>
<td>Rachel D’Anna</td>
<td>3,108,000</td>
<td>3,108,000</td>
<td>11.54%</td>
<td>14.43%</td>
</tr>
</tbody>
</table>
Notes:
1. This entity is controlled by Mr Russell Moran, a Director of the Company.
2. Rachel D’Anna is the spouse of Mr Gino D’Anna, an executive in the management team of the Company.

On completion of the Offer (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer and assuming Maximum Subscription is raised)

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Shares</th>
<th>Options</th>
<th>% (undiluted)</th>
<th>% (fully diluted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talos Mining Pty Ltd ATF Talos</td>
<td>8,952,000</td>
<td>8,952,000</td>
<td>17.07%</td>
<td>23.46%</td>
</tr>
<tr>
<td>Mining trust</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rachel D’Anna</td>
<td>3,108,000</td>
<td>3,108,000</td>
<td>5.93%</td>
<td>8.14%</td>
</tr>
</tbody>
</table>

Notes:
1. This entity is controlled by Mr Russell Moran, a Director of the Company. The Company has issued 500,000 Performance Rights to Talos Mining Pty Ltd ATF Talos Mining trust on the terms set out in Section 12.2.
2. Rachel D’Anna is the spouse of Mr Gino D’Anna, a Director of the Company. The Company has issued 500,000 Performance Rights to Gino D’Anna (or his nominee) on the terms set out in Section 12.3.

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.

3.13 Financial Information

The audited historical statements of profit or loss and other comprehensive income for the years ended 30 June 2015, 30 June 2016, 30 June 2017 and 30 June 2018, the audited historical statement of financial position as at 30 June 2018 and the pro forma historical statement of financial position as at 30 June 2018 are set out in Section 9.

Given the current status of the Company and the speculative nature of its business, the Directors do not consider it appropriate to forecast future earnings. Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection on a reasonable basis.

3.14 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

3.15 Dividend Policy

The Board anticipates that significant expenditure will be incurred in the evaluation and development of the Company’s projects. These activities, together with the possible acquisition of interests in other projects, are expected to dominate the two
year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

3.16 Directors

Mr Russell Moran – Non-Executive Chairman

Mr Moran is a co-founder and Non-Executive Chairman of the Company. He is an experienced natural resources and technology investor with a track record of successful investing across bulk commodities, base metals and mining and engineering services sectors. He is the Founder and a former Executive Director of Canadian anthracite mine developer Atrum Coal (ASX: ATU) which is developing the Groundhog Anthracite Project immediately north of 3G Coal’s Groundhog South Project. He has significant experience in Canadian exploration and resource development, particularly in the Groundhog Coalfield.

Mr Moran is currently Non-Executive Chairman of Oceanic Dental Pty Ltd, Non-Executive Chairman of MetalsTech Limited (ASX: MTC) and Non-Executive Director K2 Technology Pty Ltd. Mr Moran is also a Director of iCobalt Limited, K2 Bidco Limited, Talos Mining Pty Ltd, Zinciferous Limited, Minco Holdings Pty Ltd and Optimised Analytic Solutions NL.

The Company considers that Mr Moran is not an independent director.

Mr Gino D’Anna – Executive Director (part-time)

Mr D’Anna is a co-founder of the Company. Mr D’Anna has significant primary and secondary capital markets experience and has extensive experience in resource exploration, public company operations and administration and financial management.

Mr D’Anna has particular experience in Canadian Government and First Nations relations in the mining sector. Mr D’Anna was a founding shareholder and founding Executive Director of Atrum Coal (ASX: ATU) which is developing the Groundhog Anthracite Project immediately north of 3G Coal’s Groundhog South Project. He has significant experience in Canadian exploration and resource development, particularly in the Groundhog Coalfield.

Mr D’Anna is currently a Non-Executive Director of MetalsTech Limited (ASX: MTC), Director of Metals Australia Limited (ASX: MLS), Director of Internazionale Consulting Pty Ltd, Director of LiGeneration Limited, Director of Optimised Analytic Solutions NL, Director of Quebec Lithium Limited, Director of Advent Gold Limited and a Director of iCobalt Limited.

The Company considers that Mr D’Anna is not an independent director.

Mr Stephen Thomas – Non-Executive Director

Mr Thomas has a Bachelor of Science (Hons) in Geology and Geophysics from the University of Cardiff in 1978.
Mr Thomas has held a number of managerial positions both technical and corporate within the field of oil and gas exploration since 1978. Mr Thomas moved into the coal seam methane industry in 1997 when Mr Thomas became managing director of Growth Resources NL.

Mr Thomas was previously the managing director of Red Mountain Energy Inc. where he was responsible for the day-to-day management of the company and overseeing the company’s exploration interests in North American and Australia, including developing coal seam methane projects in Wyoming and Montana.

Mr Thomas was also previously the managing director of Titan Energy Limited which listed on the ASX in 2005 exploring as the operator of a significant number of onshore petroleum permits for both conventional and coal seam methane hydrocarbons in Western Australia and the USA.

Mr Thomas is currently a Director of Roaring Forties Distillers Pty Ltd and Sirona Resources Pty Ltd.

The Company considers that Mr Thomas is an independent director.

**Mr Brett Mcleod – Managing Director**

Mr Mcleod is the Managing Director of the Company Mr McLeod is an experienced mining executive with 25 years’ experience most recently as Vice President Global Projects with ArcelorMittal Mining.

Mr Mcleod is a former member of the ArcelorMittal group investment committee and Director with ArcelorMittal Liberia Ltd and ArcelorMittal Infrastructure Canada.

Mr Mcleod has extensive experience in large bulk commodity mining and infrastructure projects with ASX and FSTE 100 Companies such as RioTinto, ArcelorMittal and BHP Billiton in Australia, West Africa, Canada and Mexico.

Mr Mcleod is currently a Director of K2 Bidco Limited and Mcleod Solutions Pty Ltd.

The Company considers that Mr Mcleod is not an independent director.

The Company will seek to appoint additional, suitably qualified non-executive directors as the Projects are advanced.

### 3.17 Agreements with Directors or Related Parties

The Company’s policy in respect of related party arrangements is:

(a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and

(b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

Refer to Sections 12.2 to 12.5 (inclusive) for summaries of the agreements entered into between the Company and the Directors.

### 3.18 Directors’ Interests

Each Director’s interest in the Company is set out in Section 11.2.
Dear Investor,

On behalf of the Board of Directors, it is our pleasure to invite you to become a Shareholder in 3G Coal Limited (the Company or 3G Coal).

3G Coal is focused on commercialising the Groundhog South Project which hosts an Exploration Target of 2.0 to 3.3 billion tonnes of anthracite, reported in accordance with the JORC Code. As founders of both 3G Coal and Atrum Coal Limited (ASX: ATU), we have unique expertise in the Groundhog Coalfield and leveraging this, we believe we can deliver significant progress at the Groundhog South Project in a cost-effective and efficient manner. There has been a resurgence in the metallurgical coal sector and we are strategically positioned to capitalise.

Our vision is simple. The high-grade and ultra-high-grade anthracite that is known to occur in the Groundhog Coalfield has the potential to be washed efficiently for use as a ULV PCI coal in the steel industry. ULV PCI coal is a well understood sector of the coal market that has historically experienced deep liquidity and robust pricing and is considered a premium metallurgical coal. We believe Groundhog South has both the size and grade potential, coupled with unique rail and port opportunities, to support development of a very large low-cost PCI coal operation. We have assembled a strong Board and management team with significant experience in building and running producing coal mines as well as delivering feasibility studies on major projects that have ultimately been sold successfully delivering significant returns to shareholders.

Funds raised under the Prospectus will allow the Company to accelerate exploration and development of the Groundhog South Project in line with this vision. Over the next two years the Company will complete its planned diamond drilling programs at the Groundhog South Project, focused on the delivery of a Coal Resource, in accordance with the JORC Code (2012) and the completion of a scoping study. The Company will also conduct rigorous coal quality testing programs aimed at better defining the potential products to be produced from the Groundhog South Project and shape our discussions and negotiations with potential end user groups.

Before deciding to invest in the Company, you should read this Prospectus in its entirety, and in particular the technical, geological and financial information and the risk factors that could affect the future operations and activities of the Company. You should also seek professional advice before making an investment in the Company.

It is an exciting time for the Company and we look forward to sharing the journey with you.

Yours sincerely,

Russell Moran and Gino D’Anna
Founders and Directors

1 The Exploration Target as defined by Clause 17 of the JORC Code 2012 Edition. The Exploration Target quality and quantity is conceptual in nature. There has been insufficient exploration to define a Coal Resource and it is uncertain if further exploration will result in the Exploration Target being delineated as a Coal Resource.
5. DETAILS OF THE OFFER

5.1 The Offer

The Company invites applications for an offer of up to 30,000,000 Shares at an issue price of $0.20 per Share to raise up to $6,000,000 with a minimum subscription of 22,500,000 Shares at an issue price of $0.20 per Share to raise $4,500,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

5.2 Minimum subscription

If the minimum subscription to the Offer of $4,500,000 has not been raised within 4 months after the date of this Prospectus, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

5.3 Not underwritten

The Offer is not underwritten.

5.4 Lead Manager

The Company has appointed K S Capital Pty Ltd as Lead Manager to the Offer.

K S Capital (or its associates) does not currently hold any Shares or Options in the Company as detailed in section 3.6 and 3.10.

The Lead Manager will receive an upfront retainer fee of $20,000. In addition, upon the Company reaching the Minimum Subscription and receiving conditional approval to list on ASX, K S Capital (or its nominees) will receive 2% of the gross proceeds on capital raised under the Proposed Transaction, 4% of the gross proceeds on capital raised by K S Capital under the Proposed Transaction, and will be issued 3,000,000 Shares and 2,000,000 Lead Manager Options in the Company. The Lead Manager will also be paid a corporate advisory success fee of $75,000 (plus GST), less the cash fee paid pursuant to the Upfront Retainer Fee. Refer to Section 3.6 for details of the fees payable to the Lead Manager and Section 12.1 for a summary of the Lead Manager mandate.

5.5 Applications

Applications for Shares under the Offer must be made using the Application Form.

By completing an Application For, each Applicant under the Offer will be taken to have declared that all details and statements made by you are complete and accurate and that you have personally received the Application Form together with a complete and unaltered copy of the Prospectus.

Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 5,000 Shares and payment for the Shares must be made in full at the issue price of $0.20 per Share.

Completed Application Forms and accompanying cheques, made payable to “3G Coal Limited – IPO Subscription Account” and crossed “Not Negotiable”, must be mailed or delivered to the address set out on the Application Form by no later than the Closing Date.
If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company’s decision to treat an application as valid, or how to construe, amend or complete it, will be final.

The Company reserves the right to close the Offer early.

5.6 ASX listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

5.7 Issue

Subject to the Minimum Subscription being reached and ASX granting conditional approval for the Company to be admitted to the Official List, issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

The Directors will determine the recipients of the issued Shares in their sole discretion. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

The Company’s decision on the number of Shares to be allocated to an Applicant will be final.

Holding statements for Shares issued to the issuer sponsored subregister and confirmation of issue for Clearing House Electronic Subregister System (CHESS) holders will be mailed to Applicants being issued Shares pursuant to the Offer as soon as practicable after their issue.

5.8 Applicants outside Australia

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.
This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia. This Prospectus has been prepared for publication in Australia and may not be released or distributed in the United States of America.

5.9 **Commissions payable**

The Company reserves the right to pay a commission of 6%, less the 2% management fee payable to K S Capital, (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

5.10 **Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship**

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

5.11 **Withdrawal of Offer**

The Offer may be withdrawn at any time. In this event, the Company will return all application monies (without interest) in accordance with applicable laws.

5.12 **Loyalty Options Offer**

The Company intends to make an offer of Loyalty Options on a 1 for 4 basis to Shareholders of the Company that are recorded as Shareholders on the Company’s share register as at the record date, where the record date is set as the date which is 3 month’s from the date of listing of the Company on the ASX. A Loyalty Option will be subscribed for at a price of 1 cent per Loyalty Option and will have an exercise price of 25 cents per Share and a 3-year term to expiry. The Company will apply for quotation of the Loyalty Options on the Official List of the ASX.

Please refer to Section 13.8 for more information.
6. COMPANY AND PROJECT OVERVIEW

3G Coal was incorporated on 11 November 2014 for the primary purpose of acquiring, exploring and developing metallurgical coal exploration projects in Canada. 3G Coal is a pure-play metallurgical coal explorer with its head office in Australia and a satellite office in British Columbia, Canada. The Company is developing its 100% owned (via its wholly-owned subsidiary BC Anthracite Inc) Groundhog South Project located in the Groundhog Coalfields of British Columbia, Canada.

The Project is comprised of 31 granted coal licences in the Groundhog Coalfield of northwest British Columbia covering 361 km². The Licences are situated in the south-eastern portion of the coalfield. An Exploration Target of 2.0 to 3.3 billion tonnes of anthracite, reported in accordance with the JORC Code (2012), has been independently reported for the Groundhog South project.

The Exploration Target as defined by Clause 17 of the JORC Code 2012 Edition. The Exploration Target quality and quantity is conceptual in nature. There has been insufficient exploration to define a Coal Resource and it is uncertain if further exploration will result in the Exploration Target being delineated as a Coal Resource.

Figure 2 below illustrates the location of the Groundhog South project as well as its proximity to key infrastructure, including port, rail, power and water.

![Figure 2: Groundhog South Project Location Map](image-url)
Figure 3 below illustrates the location and layout of the Licences which are 100% owned by BC Anthracite Inc, a wholly owned subsidiary of the Company. In addition, the location and layout of the coal licences held by Atrum Coal Limited (ASX: ATU) is also illustrated.

High-grade and ultra-high-grade anthracite is known to occur in the Groundhog Coalfield and has the potential to be washed efficiently for use as a ULV PCI coal in the steel industry. ULV PCI coal is a well understood sector of the coal market that has historically experienced deep liquidity and robust pricing and is considered a premium metallurgical coal.

A 5-year permit to carry out exploration drilling activities on the Licenses was granted by the British Columbia Ministry of Energy, Mines and Petroleum in March 2018.

The Company has an experienced Board of Directors, management and technical team who possess experience operating in Canada and Australia, across mining, exploration and strategic transactions, with strong technical, legal, and financial management skills.

The identification of a world class metallurgical Coal Resource and commensurate development will be a key driver of future Shareholder value.

The Company’s vision is to develop a large, low cost PCI coal mining and production precinct at the Groundhog South Project. This will be achieved by; leveraging potential discovery of a significant anthracite endowment, the unique port and rail infrastructure in British Columbia, proximity to key Asian steelmaking markets and the deep knowledge of the project and Groundhog Coalfield generally held by the Board.
A summary of the Project is set out below and more detailed information is included in the Independent Geologist’s Report in Section 8.

6.1 Business Model

The Company’s main objectives, once listed on the ASX, is to complete exploration activities including drilling and coal quality testing at the Groundhog South Project.

The Company is also actively evaluating additional complementary metallurgical coal opportunities.

The Company’s business model following admission to the Official List is the exploration and development of metallurgical coal projects. Projects will be developed through:

(a) exploration and laboratory coal quality testing in the Groundhog South License area; and

(b) evaluation and potential development via exploration or refinement of existing resources of complimentary metallurgical coal opportunities as they are identified.

The Company’s aim will be to add value to the Project through systematic and defined exploration and development. Development of the Project may increase the market capitalisation of the Company and potentially improve Shareholder returns.

The expenditure incurred by the Company will assist in exploring and developing the Groundhog South Project in the following ways:

(a) Undertake the maiden diamond drilling program at the Groundhog South licenses. This campaign has been designed with the purpose of identifying a potentially economically viable metallurgical Coal Resource. If a resource is identified it will be reported in accordance with the JORC Code.

(b) Complete laboratory level coal quality test work, the results of which will be used to refine the design of a second diamond drilling program and the commencement of internal scoping level studies for mining, processing and transport infrastructure.

(c) Commence internal scoping level studies that will assist with determining the product and project configuration.

3G Coal has specifically targeted British Columbia as its initial project focus due to its relative (i) abundance of high quality coking and metallurgical coal; (ii) well developed rail and port infrastructure with excess capacity; (iii) access to deep sea ports; (iv) competitive shipping distance to Asia; and (v) positive government stance on mining.

The Company’s flagship asset, the Groundhog South Project, has an Exploration Target of 2.0 to 3.3 billion tonnes of anthracite, reported in accordance with the JORC Code (2012).

The Exploration Target as defined by Clause 17 of the JORC Code 2012 Edition. The Exploration Target quality and quantity is conceptual in nature. There has been insufficient exploration to define a Coal Resource and it is uncertain if further exploration will result in the Exploration Target being delineated as a Coal Resource.
Western Canada provides excellent opportunities for supply diversification in a low risk jurisdiction with well-established rail and port infrastructure. Metallurgical coal is a geologically scarce commodity and the majority of well-endowed regions suffer from inadequate rail and port infrastructure or heightened sovereign risk.

Canada is one of the world’s leading suppliers of metallurgical coal to the seaborne market. Coal is currently exported to the North American, European and Asian markets from British Columbia’s ports. With two world class railways and three expanding deep-water ports, the infrastructure for exporting coal from British Columbia is well established. Most of the metallurgical coal shipped from these ports is mined from the East Kootenay and Peace River regions, which produce a similar quality metallurgical coal to those exported from Australia.

Coal producers in British Columbia operate under long-term arrangements with the two rail operators in the region, Canadian Pacific Rail (CP) and Canadian National Rail (CN).

6.2 Groundhog South Project Overview

3G Coal holds 361 km² of granted coal exploration tenure in the Groundhog Coalfield of northwest British Columbia, Canada. The Licences are situated in the south-eastern portion of the coalfield.

The rail infrastructure that will support the Groundhog South Project is the Canadian National Railway system. There is an existing rail right of way and track foundation that extends through the Groundhog South Project and connects with existing track approximately 50 km to the south of the license area. From this point there is track that runs south east through Fort St James and Prince George then west to the nearest port of Prince Rupert. The total rail distance from Groundhog to the nearest port of Prince Rupert is 1,234 km. This is comparable to the haulage distance from Teck’s South Eastern operations to the Westshore and Neptune bulk terminals.

6.2.1 Local Geology

The Groundhog-Klappan Coalfield, part of the Groundhog-Gunanoot Assemblage, is approximately 30 km by 80 km extending from the headwaters of the Klappan and Little Klappan Rivers, south-east to the Groundhog Mountain in the Skeena Ranges. The Groundhog-Klappan Coalfield is the only known coal area to contain anthracite grade coal in Canada. The coal is generally assigned a rank ranging from between semi-anthracite to meta-anthracite, with the best material ranked as anthracite.

**Groundhog-Gunanoot** deltaic lithofacies assemblage (beige colour - JKBGG in Figure 4) is a succession of marginal marine through non-marine strata which are folded into the gently south-east plunging Biemes Synclinorium (Evenchick, 2015). The lithofacies is well exposed on the flanks of the Biemes Synclinorium. It is comprised of dominantly finely grained, low energy deltaic sediments including well bedded intercalated intervals of coal, carbonaceous mudstone and siltstone, calcareous mudstone, siltstone, fine and medium grained sandstones and minor thin conglomerates.

Geographically there is a moderate amount of variation in bedding type, conglomerate content, fossil content, weathering as well as thickness within the assemblage.
Figure 4: Geology of the Project area

Source: MacDonald K, 25 April 2017
Note: Coal drill holes are denoted by pink circles and coal trenches are denoted by triangles

Skelhorne deltaic lithofacies assemblage (yellow colour in Figure 4 - JKs) is a thinly intermixed sandstone siltstone with various amounts of coal and conglomerate. Plant and marine fossils are pervasive. Coarsening and thickening up cycles from coal or carbonaceous mudstone to medium grained sandstone or conglomerate and fossil presence indicate a deltaic deposition environment (Evenchick, 2005).

The Groundhog-Gunanoot deltaic assemblage is differentiated from other assemblages (such as Skelhorne) because of the rarity of conglomerates and marine fossils, and there is a greater abundance of coal. Fossil plants do occur as moulds and carbonaceous films, as well as silicified in the siltstone and sandstone units.

The brown/red triangles in Figure 4 indicate the areas where historical exploration has been carried out within the Project area. The southern area is referred to as the Mt Jackson area, the northern area is referred to as the Mt Klappan area.
The following extracts on local geology are taken from Fisher, Cullingham, Brown and Kerr, and describe the local geology in the Mt Jackson area:

“Correlation of individual stratigraphic units or coal seams cannot be made with any certainty. Overburden and dense vegetation limit outcrop exposure to above tree line or along creeks. Correlation is further complicated by the lack of significant marker beds and structural deformation.”

“Owing to poor exposures, of outcrop and along trenches, coal seam thicknesses are not established well. Adjusting for dip, most seams appear to fall in the range of 0.5 to 1 m with few seams up to 3 m and one seam, (which occurs approximately 3,000 m southeast of the summit of Groundhog Mountain), with a possible true thickness of approximately 8 m. Other exposures, variously measured in outcrop and in old coal workings, are documented to range between 1 and 2 m.”

The following extract from Dawson and Ryan, 1992 and describes the local geology in the Mt Klappan area:

“Potentially economic coal seams up to seven metres thick are present in the lower third of the Currier Formation. In the Mt. Klappan area the formation is 900 to 950 metres thick and contains a cumulative coal thickness that ranges up to 53.62 metres. At Panorama Mountain to the south, Gulf Canada Resources Incorporated personnel measured an equivalent interval of coal-bearing strata that exceeds 1300 metres (Groundhog and Panorama sequences; Duford 1980). Up to twelve coal seams with a cumulative thickness of nine metres were observed in outcrop.”

6.2 Exploration Target

An Exploration Target at the Project has been independently validated with a range of 2.0 to 3.3 billion tonnes of semi-Anthracite Coal to meta-Anthracite Coal, with a range of 3.3% to 5.4% vitrinite reflectance, ash of 9% to 11%, moisture of 0.9% to 1.5%, volatile matter of 5.0% to 6.5%, fixed carbon of 82.6% to 86.5%, sulphur of 0.5% to 0.6% and gross calorific value of 7,300 to 7,400 kcal/kg.

This is based on a cumulative coal thickness of between 15 m to 25 m.

The Exploration Target as defined by Clause 17 of the JORC Code 2012 Edition. The Exploration Target quality and quantity is conceptual in nature. There has been insufficient exploration to define a Coal Resource and it is uncertain if further exploration will result in the Exploration Target being delineated as a Coal Resource.

6.2.3 Proposed Exploration Program

The entire southeast portion of the Groundhog South Project will be explored with a phase one diamond drilling campaign as this area is the closest to infrastructure, as noted by areas 1 and 2 on Figure 5. The drilling program will consist of between 3,000 metres to 4,000 metres across up to twenty individual drill holes. The Company has a five-year exploration permit in place to allow for drilling activities to commence immediately. The drill holes will generally be 200 metres deep with the occasional 300 metre deep hole to assist coal seam correlation work.
Two SE/NW lines will be drilled, one on either side of the Skeena River, from the north eastern extent of the project to the southwestern extent of the project. The two drill lines will be between 16km and 17.5km long.

The intent of this Phase 1 drilling campaign is to test the coal-bearing horizons and to identify the most promising resources in the area. The drill holes will be spaced approximately 2.5 km apart so that seven holes can be drilled north of the river and eight south of the river. The holes will be staggered off of a southeast line such that
each of the lines cover a width up to 2.5 km. An area measuring 17.5 km x 5 km can be tested with fifteen holes totalling 3,600 metres. Refer to Figure 6 below.

Figure 6: Proposed Drill Plan for Areas 1 and 2

Geological mapping and trenching will also be undertaken in all of the major drainages to aid in structural interpretations and correlation work.

The drilling programme is designed to test the depth, continuity and thickness of coal seams. All drill holes will be fully cored. The drill holes will range in length from 150 metres to 200 metres, whole core will be analysed, with the non-analysed sample being retained for future reference.
One stratigraphic hole is included in the programme, it is planned to reach 300 metres depth. All core logging will be undertaken at site by Moose Mountain Technical Services, a consultant to the Company. A formal contract will be entered into by the Company once the mobilisation date to site is known and before drilling is scheduled to commence.

On completion of the exploration programme, the Company proposes to undertake a scoping study to provide guidance for future exploration and development.

Refer to the Independent Geologist’s Report in Section 8 for further details on the Project and proposed exploration program.
7. RISK FACTORS

7.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in our Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to our business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section (and Section 3.5), or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Currently no market

There is currently no public market for the Company’s Shares, the price of its Shares is subject to uncertainty and there can be no assurance that an active market for the Company’s Shares will develop or continue after the Offer.

The price at which the Company’s Shares trade on ASX after listing may be higher or lower than $0.20 and could be subject to fluctuations in response to variations in operating performance and general operation and business risk, as well as external operating factors over which the Directors and the Company have no control, such as movements in commodity prices and exchange rates, changes to government policy legislation or regulation and other events or factors.

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few or many potential buyers or sellers of the Shares on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is above or below the price that Shareholders paid for their Shares.

(b) Government regulation and political risk

The Company’s operating activities are subject to laws and regulations governing exploration of property, health and worker safety, employment standards, waste disposal, protection of the environment, land and water use, prospecting, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. While 3G Coal believes that it is in substantial compliance with all material current laws and regulations affecting its activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable
to the Company or its properties, which could have a material adverse impact on 3G Coal’s current operations or planned development projects. Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Company cannot be sure whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with any future exploration or development of its properties. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or other activities and could result in material fines, penalties or other liabilities.

(c) **Permits**

The Company’s operations are subject to receiving and maintaining licences and permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of licences/permits and indeed in receiving all necessary permits for ongoing exploration at the properties.

(d) **Contractual risks**

As a party to numerous contracts, the Company will have various contractual rights in the event of non-compliance by a contracting party. However, no assurance can be given that all contracts will be fully performed by all contracting parties and that the Company will be successful in securing compliance with the terms of each contract by the relevant third party.

(e) **Environmental risks**

The operations and proposed activities of the Company are subject to laws and regulation concerning the environment. As with most exploration Licences and mining operations, the Company’s activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds.

3G Coal is in the process of developing flora and fauna management plans to minimise environmental impact, as per the requirements of the British Columbia government for all exploration projects. It is the Company’s intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(f) **Going concern risk**

The financial report for 3G Coal Limited for the period ended 30 June 2018 includes an emphasis of matter noting that the ability of the Company to continue as a going concern is dependent upon securing sources of funding to continue operations and development success. Notwithstanding the emphasis of matter note, the Directors believe that upon the successful completion of the Offer the Company will have sufficient funds to adequately meet the Company’s current expenditure commitments and working capital requirements.
(g) **Exploration and evaluation risk**

The business of exploration, project development and mining contains risks by its very nature. To prosper, it depends on the successful exploration and/or acquisition of reserves, design and construction of efficient production/processing facilities, competent operation and managerial performance and proficient marketing of the product. In particular, exploration is a speculative endeavour and force majeure circumstances, cost over runs and other unforeseen circumstances can hamper mining operations. There can be no assurance that exploration of the Projects or other exploration properties that may be acquired by the Company in the future will result in the discovery of an economic resource. Even if an apparently viable deposit or economic resource is identified, there is no guarantee that it can be viably or commercially exploited.

(h) **Competition risk**

The metallurgical coal mining industry in Canada, Australia and other parts of the world is competitive. The actions of an existing competitor or the entry of new competitors into the metallurgical coal mining industry may make it difficult for the Company to attract additional funding for the further exploration of the Project.

(i) **Technical risk**

The results of future exploration may not reflect the Company’s current understanding of the potential metallurgical coal mineralisation at the Project. Whilst the Company has engaged independent experts to provide geological and technical information, there is insufficient information to establish whether further exploration will result in the determination of a mineral resource.

(j) **Government Actions and Political Risk**

The impact of actions by governments may affect the Company’s activities including such matters as access to lands and infrastructure, compliance with environmental regulations, taxation and royalties.

The Company is conducting its activities in Canada. The Directors believe that the Government of Canada supports the development of natural resources by foreign investors. However, there is no assurance that future political and economic conditions in Canada will not result in the Government of Canada adopting different policies regarding foreign development and ownership of mineral resources. Any changes in policy may result in legislative changes affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return on capital, all of which may affect the Company’s ability to develop the properties.

Adverse changes in Canadian government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in Canada may change, resulting in impairment of rights and possibly expropriation of the Company’s properties without adequate compensation.
(k) **Exchange Rate Risk**

The expenditure of the Company is and will be in Australian, United States and Canadian currencies, exposing the Company to fluctuations and volatility of the rates of exchange between the Australian dollar and the United States dollar and Canadian dollar as determined in international markets.

(l) **Delays in exploration**

Exploration and development costs (including, without limitation, administration overheads if the Company continues to incur these costs for a significant period before it can commence any exploration) will reduce the cash reserves of the Company, which may not be replaced through the successful development of mining operations. The Company would then be dependent on seeking exploration capital elsewhere, through equity, debt or joint venture financing, to support long term exploration and evaluation of the Project. There is no guarantee that the Company will be able to find exploration capital on satisfactory terms or at all. Inability to find exploration capital may result in some or all of the Project not proceeding or defaults in licences or permits which, if not remedied, could result in forfeiture.

(m) **Key personnel risk**

The Directors’ and senior managers’ ability to successfully manage the Company’s performance and the opportunities identified in this Prospectus will directly affect the success of the Company. The Company may be adversely affected if any of the Directors or senior management leaves the Company. Although Mr Brett McLeod, Managing Director, Mr Russell Moran, Non-Executive Chairman, Mr Stephen Thomas, Non-Executive Director and Mr Gino D’Anna, Executive Director are each retained under a services agreement (see Sections 12.2, 12.3, 12.4 and 12.5), there can be no assurance that their services will continue to be available to the Company on an indefinite basis. The Company may not be able to replace its Directors or key employees with persons of equivalent expertise and experience within a reasonable period of time or at all and the Company may incur additional expenses to recruit, train and retain personnel. Loss of such personnel may also have an adverse effect on the performance of the Company pending replacements being identified and retained by or appointed to the Board of the Company.

(n) **Risk of shareholder dilution**

In the future, the Company may elect to issue Shares in connection with fundraisings, including to raise proceeds, to fund further exploration of the Projects. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues of Shares and fundraisings.

Further, the Company has a number of Options that are on issue which, if exercised, will further dilute Shareholders.

The Company has also issued Performance Rights to its Directors as a means of providing long and short term incentives. If these Performance Rights are issued, and subsequently convert into Shares, Shareholders may be further diluted.
Operational risks

If the Company is successful in developing the Project, the Company’s proposed activities will be subject to numerous operational risks, many of which are beyond the Company’s control. The Company’s operations may be curtailed, delayed or cancelled as a result of factors such as adverse weather conditions, mechanical difficulties, shortages in or increases in the costs of consumables, spare parts, plant and equipment, external services failure (such including energy and water supply), industrial disputes and action, difficulties in commissioning and operating plant and equipment, IT system failures, mechanical failure or plant breakdown, and compliance with governmental requirements. Industrial and environmental accidents could lead to substantial claims against the Company for injury or loss of life, and damage or destruction to property, as well as regulatory investigations, clean up responsibilities, penalties and the suspension of operations. Industrial disruptions, work stoppages and accidents in the course of the Company’s operations could result in losses and delays which may significantly affect profitability. The occurrence of any one or a combination of these events may have a materially adverse effect on the Company’s performance and the value of its assets.

Metallurgical Coal and ULV PCI Commodity Price Volatility

Should the Company enter production, substantially all of the Company’s revenues and cash flows will be derived from the sale of metallurgical coal and ULV PCI. Therefore, the financial performance of the Company would be exposed to fluctuations in the price of these commodities. Historically, the price of these commodities has fluctuated widely and has experienced periods of significant decline. The price of these commodities is affected by numerous factors and events that are beyond the control of the Company. These factors and events include general economic activity, world demand, forward selling activity as well as general global economic conditions and political trends.

Industry specific

Changes in Commodity Price

The Company’s possible future revenues will be mainly derived from the sale of metallurgical coal and ULV PCI (Commodities) and/or from royalties gained from potential joint ventures or from project interests sold. Consequently, the Company’s ability to attract funding for the further exploration of the Project and/or potential future earnings could be closely related to the price of the Commodities.

General risks

Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company’s exploration, development and production activities, as well as on its ability to fund those activities.
(b) **Market conditions**

Share market conditions may affect the value of the Company’s quoted securities regardless of the Company’s operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Additional requirements for capital**

The Company’s capital requirements depend on numerous factors. Depending on the Company’s ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(d) **Unforeseen Expenses**

The proposed expenditure on the Project may be adversely affected by any unforeseen expenses which arise in the future and which have not been considered in this Prospectus. While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were incurred, the expenditure proposals of the Company may be adversely affected.

7.5 **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.
Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.
8. INDEPENDENT GEOLOGIST’S REPORT
Report

3G Coal Independent Geologists Report
Prepared for 3G Coal Ltd by


Specialist:

R.L Webster BSc (Applied Geology), MAusIMM, MAIG, Principal Geologist

AMC Project 117023
31 August 2018
Executive summary

In May 2017, AMC Consultants Pty Ltd (AMC) was engaged by 3G Coal NL, 3G Coal Limited (3G Coal) as at 5 June 2018, to prepare an Independent Geologists Report (IGR) for its Canadian based anthracite exploration assets (Assets) for inclusion in the 3G Coal Initial Public Offering (IPO) Prospectus, for listing on the Australian Securities Exchange (ASX).

AMC has prepared this IGR in accordance with the Code for the Technical Assessment and Valuation of Mineral Assets, the VALMIN Code, 2015 Edition¹ (VALMIN) and the JORC Code, 2012 Edition² (JORC).

The Assets for inclusion in the IGR consist of the 31 discontinuous coal exploration tenements representing four discreet areas which form the Groundhog South Project (Project). Located approximately 880 km northwest of Vancouver in the Groundhog-Klappan Coalfield, part of the Bowser Basin.

AMC considers the Mt Jackson area of the Project to be the most prospective for coal. It is along-strike from Atrum Coal Limited’s Groundhog North Mining Complex (GHNMC) and Groundhog Central area. Atrum NL became Atrum Coal Limited as at 20 January 2017.

Mr Robert J Morris (Morris, 30 April 2018) reports an Exploration Target at Groundhog South with a range of 2.0 to 3.3 billion tonnes of semi-anthracite to meta-anthracite coal (Morris, 30 April 2018), with a range of 3.3% to 5.4% vitrinite reflectance, ash of 9% to 11%, moisture of 0.9% to 1.5%, volatile matter of 5.0% to 6.5%, fixed carbon of 82.6% to 86.5%, sulphur of 0.5% to 0.6% and gross calorific value of 7,300 to 7,400 kcal/kg (Morris, 30 May 2018). Based on a cumulative coal thickness of between 15 m to 25 m.

The following assumptions have been used in estimation of the Exploration Target:

- The area of coal extent is based on the geology as mapped, with inferred geological contacts for areas hidden under glacial cover.
- For the Groundhog – Gunanoot Assemblage the tonnage has been reduced by 50% to allow for uncertainty in geological contacts.
- For the Skelhorne and Transitional Assemblage the tonnage has been reduced by 90% because it is less prospective for coal.
- A cumulative coal thickness of between 15 m – 25 m has been used, based on cumulative coal intersections on the adjacent Atrum Coal Limited Groundhog property.
- An in-situ coal density of 1.60 t/m³ has been used.
- Coal quality parameters are derived from the adjacent GHNMC and Arctos Klappan projects, and are not inconsistent with the Groundhog South.
- Hand dug trench samples from 1985 and 1992, are typically less than 1 m below surface. Not all samples close to surface will be representative of the coal quality at depth, outside the weathering zone.
- Samples from 1985 and 1992 show rank variation from semi-anthracite to meta-anthracite coal based on vitrinite reflectance.

The potential quantity and quality of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Coal Resource. It is uncertain if further exploration will result in the estimation of a Coal Resource.

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¹ The Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets. The VALMIN Code 2015 Edition. The VALMIN Code has been prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. The VALMIN Code is a companion to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The VALMIN Code provides guidance on matters that may be subject to Australian regulations, other provisions of law and published policies and guidance of the Australian Securities and Investment Commission (ASIC) and the Listing Rules of the Australian Securities Exchange (ASX) or of other relevant exchanges.

AMC considers the:

- Coal quality of the GHNMC is likely to be a reliable indicator of what to expect from fresh samples taken from within the Project area.
- Overall method used for determining the Exploration Target to be acceptable. The application of discount factors to account for geological uncertainty is subjective and difficult to quantify. Given the limited data available within the Project area itself, use of additional information from the adjacent GHNMC is a reasonable approach.
- Proposed exploration programme targets the most appropriate areas and will result in a better understanding of the geology within the Project area.
- Proposed exploration expenditure is reasonable and consistent with the project development aims stated by 3G Coal.
3G Coal Independent Geologists Report
3G Coal Ltd

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Appendices

Appendix A JORC 2012 Table 1
Appendix B Historic Trench results

Distribution list

1 e-copy to Mr Brett Mcleod, 3G Coal Ltd
1 e-copy to AMC Melbourne office
1 Introduction

In May 2017, AMC Consultants Pty Ltd (AMC) was engaged by 3G Coal NL, 3G Coal Ltd (3G Coal) as at 5 June 2018, to prepare an Independent Geologists Report (IGR) for its Canadian based anthracite exploration assets (Assets) for inclusion in the 3G Coal Initial Public Offering (IPO) Prospectus, for listing on the Australian Securities Exchange (ASX).

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1.1 Conventions

Units in this document are:

- Canadian dollars (CAD$).
- Australian dollars (A$).
- Hectares (ha).
- Kilometres (km).

---

3 The Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets. The VALMIN Code 2015 Edition. The VALMIN Code has been prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy, and the Australian Institute of Geoscientists. The VALMIN Code is a companion to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The VALMIN Code provides guidance on matters that may be subject to Australian regulations, other provisions of law and published policies and guidance of the Australian Securities and Investment Commission (ASIC) and the Listing Rules of the Australian Securities Exchange (ASX) or of other relevant exchanges.

2 Groundhog South deposit

2.1 Location

The Groundhog South Project consists of 31 coal exploration tenements located in the Groundhog-Klappan Coalfield in the northern part of the Bowser Basin, north-western British Columbia. The Project is approximately 880 km north-northwest of Vancouver and 330 km northeast of Prince Rupert (Figure 2.1).

Figure 2.1 Groundhog South Project location

The Project lies within the National Topographic System (NTS) maps 94D and 104A.

Located in the extreme south-east end of the Groundhog-Klappan Coalfield, the 31 tenements are discontinuous (Figure 2.2) and comprise four discrete tenement areas, with a total area of 36,100 ha. The total distance between the four tenement areas measures approximately 37 km south to north and 28 km west to east.
2.2 Access and infrastructure

Infrastructure in the Groundhog Basin is limited. There are no active coal mines at this time.

Access to the northern portion of the Groundhog Coal Basin is via the two-lane recently sealed, Highway 37, which commences at Kitwanga and connects to Watson Lake, Yukon. Approximately 12 km south of the Iskut community the 22 km long Ealue Lake Road intersects Highway 37 (Figure 2.3).

The gravel Ealue Lake Road provides all year-round access to Spatsizi Provincial Park, the Groundhog-Klappan Coalfield.

The other end of Ealue Lake Road intersects a gravel road built to construct the now abandoned British Columbia Railway (BCR) rail right-of-way. This second gravel road continues southeast for about approximately 80 km along the BCR right-of-way to the Mt Klappan Coal Project.
The Canadian National railway line terminates 55 km southeast of the Groundhog South southern tenement boundary. This railway line connects to Prince George and to Prince Rupert. The port at Prince Rupert is the Ridley Coal Terminal which can host Capesize ocean going bulk ore carriers.

The distance by rail from the Groundhog South Project to Fort St. James is 381 km, to Prince George is 497 km, to Prince Rupert via the British Columbia and the Canadian National railways is 1,234 km, and is 1,294 km to Vancouver.

The deep-sea port town of Stewart on the Pacific West Coast lies 160 km southwest of the Project and 60 km south of Iskut. Stewart can host Handymax bulk ore carriers.

Gravel airstrips are located at the town of Iskut near the head of the Little Klappan River. Several lakes are large enough to accommodate float planes.

There is an airstrip at Chipmunk, located within the south-eastern edge of the lease boundary. Another airstrip is located at Minaret, near the northern extension of the Canadian national railway 55 km southeast of the tenement boundary.

Quick access to the project area is via helicopter. There is a permanent helicopter base at Dease Lake, temporary bases have existed at a number of the nearby towns such as Iskut.

Between 2012 and 2015 the 287 kV Northwest Transmission Line (NTL) was constructed by BC Hydro. It runs from Skeena (near Terrace) to Bob Quinn Lake sub stations, a distance of 344 km. The aim of the project was to provide clean reliable power to local communities reducing the reliance on diesel fuel generated power and to encourage development of industrial projects.

Figure 2.3 shows the NTL transmission line route in relation to the Mt Klappan Coal Project, which is approximately 80 km northwest of the Groundhog South project.

In 2014, BC Hydro purchased 93 km of additional transmission line and a substation connecting Bob Quinn Lake to Tatogga and Iskut. This incorporates the Iskut Extension Project extending the NTL and BC Hydro electrification to the community of Iskut.
2.3 Environmental, social, cultural and heritage, flora and fauna

The Klappan is an area covering 7,489 km², central to the Tahltan peoples, it covers the headwaters of the Nass, Strikine and Skeena rivers. Located 150 km south of Dease Lake. Figure 2.4 shows the 3G Coal EL’s located on the most southern edge of the Klappan (red star).

The Klappan is rich in cultural and spiritual values, biological species diversity and natural resources.
There is a variety of bioclimatic zones within the Klappan area. It is dominated by non-forested alpine landscape, that is home to dwarf willow, grasses, sedges and lichen. The remaining five zones contain a variety of forest types which include spruce, cedar, subalpine fir, willow and birch. Fauna present includes:

- A large diversity of fresh water fish species, that live in the brackish ocean river transition zone and species, such as salmon which migrate upstream from salt to fresh water to spawn. Also includes a wide variety of trout, salmon and sturgeon.
- Owls, falcons, nighthawks, blackbirds and swallows.
- Wolverines, grey wolves, grizzly bear, lynx, marmot, pika, marten, fisher, beaver, mountain goats, Stone’s sheep, caribou, moose and mouse-eared bats.

There are a number of threatened and endangered species of flora and fauna in the Greater Klappan area.

For the purpose of land use and zoning, the Groundhog South EL’s fall within a Special Resource Management zone (SRMZ), see Figure 2.5. In SRMZ natural, cultural and recreational values take precedence over development. Such areas are used to conserve habitat and are deemed areas of sensitive or significant value. SRMZs are often adjacent or buffering national parks and areas such as the Klappan.

A SRMZ designation does not bestow protection and does not preclude development. Each individual SRMZ is managed on its biologically or culturally unique merits.

3G Coal is in the process of developing flora and fauna management plans to minimise environmental impact, as per the requirements of the British Columbia government for all exploration projects. In addition, subject to payment of a reclamation bond, 3G Coal have been granted permits to carry out exploration. The permit process includes consultation with the affected stakeholders. All ongoing exploration and development will in stages be accompanied by further environmental, social and heritage studies, and stakeholder consultation.

---

Figure 2.4  Location of the Klappan

Source: KSI, 2015
2.4 Hydrogeology

The Klappan area of the northern portion of the Bowser Basin includes the headwaters of three major rivers, the Stikine, Skeena and Nass. These are located immediately north and north-west of the Groundhog South tenements, see Figure 2.5.

The Klappan incorporates multiple watersheds including the Klappan, Spatsizi, Nass, and Skeena. Both historic and modern river alluvials underlie peatland floodplains which slowly store and release groundwater supporting extensive fisheries.

Precipitation moving onshore from the Pacific ocean, both rain and snow, is higher on the west side of the Klappan Range, located between the Klappan River and the Iskut River. Long cold winters result in snow. There is a spring thaw which spikes run-off, along with an increase in run-off from thermal impact on glaciers during the summer melt, and a peak in run-off during Autumn storms and rain-on-snow events.

Regional groundwater is poorly understood, resulting in further work being required as part of project development. A groundwater model is proposed whereby there are four assemblages hosting aquifers. From the base to surface these include the:

- Bowser sedimentary rocks.
- Massive alluvials overlaying the Bowser sediments, produced during glaciation.
• A spatially discontinuous layer of fluvio-glacial sediments.
• Substantial discontinuous peatlands, developing since the end of the last glaciation.

2.5 Coal tenements

AMC has relied on the tenement report prepared by Farris et al, 8 May 2018. The 31 coal tenements were granted to BC Anthracite Inc. on 16 February 2016, Figure 2.2. BC Anthracite Inc. is a wholly owned subsidiary of 3G Coal Ltd. The 31 licenses are reported as in good standing as at 8 May 2018.

All coal tenements are shown in Table 2.1.

Table 2.1 Coal tenement status Groundhog South

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<td>16/02/2016</td>
<td>16/02/2019</td>
<td>1,202</td>
</tr>
<tr>
<td>418863</td>
<td>BC Anthracite Inc. (100%)</td>
<td>094D081</td>
<td>16/02/2016</td>
<td>16/02/2019</td>
<td>637</td>
</tr>
<tr>
<td>418864</td>
<td>BC Anthracite Inc. (100%)</td>
<td>094D081</td>
<td>16/02/2016</td>
<td>16/02/2019</td>
<td>991</td>
</tr>
<tr>
<td>418865</td>
<td>BC Anthracite Inc. (100%)</td>
<td>094D081</td>
<td>16/02/2016</td>
<td>16/02/2019</td>
<td>709</td>
</tr>
<tr>
<td>418866</td>
<td>BC Anthracite Inc. (100%)</td>
<td>094D071</td>
<td>16/02/2016</td>
<td>16/02/2019</td>
<td>1,205</td>
</tr>
<tr>
<td>418867</td>
<td>BC Anthracite Inc. (100%)</td>
<td>104A080</td>
<td>16/02/2016</td>
<td>16/02/2019</td>
<td>1,278</td>
</tr>
<tr>
<td>418868</td>
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<td>104A080</td>
<td>16/02/2016</td>
<td>16/02/2019</td>
<td>1,419</td>
</tr>
<tr>
<td>418869</td>
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<td>16/02/2019</td>
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<td>16/02/2019</td>
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<td>16/02/2019</td>
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</tr>
<tr>
<td>418872</td>
<td>BC Anthracite Inc. (100%)</td>
<td>094D071</td>
<td>16/02/2016</td>
<td>16/02/2019</td>
<td>782</td>
</tr>
<tr>
<td>418873</td>
<td>BC Anthracite Inc. (100%)</td>
<td>094D091</td>
<td>16/02/2016</td>
<td>16/02/2019</td>
<td>707</td>
</tr>
<tr>
<td>418874</td>
<td>BC Anthracite Inc. (100%)</td>
<td>094D091</td>
<td>16/02/2016</td>
<td>16/02/2019</td>
<td>565</td>
</tr>
<tr>
<td>418875</td>
<td>BC Anthracite Inc. (100%)</td>
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<td>16/02/2016</td>
<td>16/02/2019</td>
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<tr>
<td>418876</td>
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<td>16/02/2019</td>
<td>1,411</td>
</tr>
<tr>
<td>418877</td>
<td>BC Anthracite Inc. (100%)</td>
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<td>16/02/2016</td>
<td>16/02/2019</td>
<td>1,425</td>
</tr>
<tr>
<td>418878</td>
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<td>16/02/2016</td>
<td>16/02/2019</td>
<td>1,271</td>
</tr>
<tr>
<td>418879</td>
<td>BC Anthracite NL (100%)</td>
<td>094D081</td>
<td>16/02/2016</td>
<td>16/02/2019</td>
<td>707</td>
</tr>
</tbody>
</table>

Total 36,100
2.6 Geology

2.6.1 Regional geology

The Project is located in the Groundhog Coalfield within the Bowser Basin, north of the Skeena Arch and south of the Strikine Arch, in northwest British Columbia, Canada. The regional topography of the area is a result of weathering between Tertiary volcanics and the surrounding softer sedimentary rocks of the Bowser Basin.

Figure 2.6 shows the regional geology. The yellow hatched area indicates the area covered by the Groundhog – Klappan Coalfield. The red stars show the location of the Project, as well as the Groundhog Project, owned by Atrum Coal NL, to the west and the Lost Fox Project, owned by Fortune Minerals to the north (Klappan Coalfield).
The Bowser Basin covers an area of approximately 50,000 km² and is comprised of the Middle Jurassic (175 million years) to Lower Cretaceous (130 million years) Bowser Lake Group, Figure 2.6. The Bowser Lake Group consists of marine and non-marine shale, siltstone, sandstone. The sedimentary succession is understood to be approximately 3,500 m in thickness.
Bowser Basin deformation includes a regional post Jurassic contraction event resulting in large scale northwest trending northeast verging folds and thrust faults, which is part of the Skeena Fold Belt.

Formal local stratigraphy has not been defined due to complexity of structure and a lack of stratigraphic markers. Rocks have been divided into lithofacies assemblages based on lithological content with no consideration to age. Assemblages are inferred to represent broad deposition environments and are assumed to interfinger laterally, and repeat vertically on a number of different scales (Evanchick, 2005).

There are seven lithofacies assemblages within the Bowser Lake Group of which five are known to be coal bearing. Three of the five assemblages are deltaic facies containing high-ranking anthracite coal (MacDonald K, 25 April 2017). The most prospective facies for coal are the Groundhog-Gunanoot, Skelhorne, Jenkins Creek and the less prospective facies are the Devil’s Claw and Eaglenest assemblages. The Groundhog South project is located in the Groundhog-Gunanoot and Skelhorne deltaic lithofacies assemblage.

The stratigraphy of the Bowser Lake Group is shown in Figure 2.7.

2.6.2 Local geology

The Groundhog-Klappan Coalfield, part of the Groundhog-Gunanoot Assemblage, is approximately 30 km by 80 km extending from the headwaters of the Klappan and Little Klappan Rivers, south-east to the Groundhog Mountain in the Skeena Ranges. The Groundhog-Klappan Coalfield is the only known coal area to contain anthracite grade coal in Canada. The coal is generally assigned a rank ranging from between semi-anthracite to meta-anthracite, with the best material ranked as anthracite.

Groundhog-Gunanoot deltaic lithofacies assemblage (beige colour - JKBGG in Figure 2.8) is a succession of marginal marine through non-marine strata which are folded into the gently south-east plunging Biernes Synclinorium (Evanchick, 2015). The lithofacies is well exposed on the flanks of the Biernes Synclinorium. It is comprised of dominantly finely grained, low energy deltaic sediments including well bedded intercalated intervals of coal, carbonaceous mudstone and siltstone, calcareous mudstone, siltstone, fine and medium grained sandstones and minor thin conglomerates.

Geographically there is a moderate amount of variation in bedding type, conglomerate content, fossil content, weathering as well as thickness within the assemblage.
Skelhorne deltaic lithofacies assemblage (yellow colour in Figure 2.8 - JKBs) is a thinly intermixed sandstone siltstone with various amounts of coal and conglomerate. Plant and marine fossils are pervasive. Coarsening and thickening up cycles from coal or carbonaceous mudstone to medium grained sandstone or conglomerate and fossil presence indicate a deltaic deposition environment (Evenchick, 2005).

The Groundhog-Gunanoot deltaic assemblage is differentiated from other assemblages (such as Skelhorne) because of the rarity of conglomerates and marine fossils, and there is a greater abundance of coal. Fossil plants do occur as moulds and carbonaceous films, as well as silicified in the siltstone and sandstone units.

Figure 2.8 Geology of the Project area

Source: MacDonald K, 25 April 2017
Note: Coal drillholes are denoted by pink circles and coal trenches are denoted by triangles

The brown / red triangles in Figure 2.8 indicate the areas where historical exploration has been carried out within the Project area. The southern area is referred to as the Mt Jackson area, the northern area is referred to as the Mt Klappan area.
The following extracts on local geology are taken from Fisher, Cullingham, Brown and Kerr, and describe the local geology in the Mt Jackson area:

“Correlation of individual stratigraphic units or coal seams cannot be made with any certainty. Overburden and dense vegetation limit outcrop exposure to above tree line or along creeks. Correlation is further complicated by the lack of significant marker beds and structural deformation.”

“Owing to poor exposures, of outcrop and along trenches, coal seam thicknesses are not established well. Adjusting for dip, most seams appear to fall in the range of 0.5 to 1 m with few seams up to 3 m and one seam, (which occurs approximately 3,000 m southeast of the summit of Groundhog Mountain), with a possible true thickness of approximately 8 m. Other exposures, variously measured in outcrop and in old coal workings, are documented to range between 1 and 2 m.”

The following extract from Dawson and Ryan, 1992 and describes the local geology in the Mt Klappan area:

“Potentially economic coal seams up to seven metres thick are present in the lower third of the Currier Formation. In the Mt. Klappan area the formation is 900 to 950 metres thick and contains a cumulative coal thickness that ranges up to 53.62 metres. At Panorama Mountain to the south, Gulf Canada Resources Incorporated personnel measured an equivalent interval of coal-bearing strata that exceeds 1300 metres (Groundhog and Panorama sequences; Duford 1980). Up to twelve coal seams with a cumulative thickness of nine metres were observed in outcrop.”

Figure 2.7 shows the Currier Formation is analogous to the Groundhog-Gunanoot deltaic assemblage.

2.6.3 Structure

The impact of the regional contraction event on the Groundhog Basin has resulted in thin bedded units with tight folding, blind thrust faults and drag folds, which trend north-west south-east, folding on a scale of 250 m to 1000 m. In the southern Groundhog Basin this has resulted in open chevron folds to overturned stacked recumbent folds, with lithological dependant amplitude (MacDonald K, 25 April 2017).

A geological mapping exercise carried out on the north-western area of the 3G Coal tenements in 2017 by Moose Mountain Technical Services (MMTS) concluded the following (west of the northern magenta rectangle in Figure 2.9):

“The geological mapping indicates that the area is dominated by broad, open folds with some steeply dipping strata between folds. The folds appear to cover the entire area of interest forming shallow, parallel synclines and anticlines.”

The following extract is taken from Fisher, et al, 1985 describing the structural conditions around the Mt Jackson property:

“Intensive folding and insufficient outcrop on the property makes it difficult to determine the local structure and its continuity. Strike and dip directions are very variable and suggest a complex structure: however, the variation is probably more of a result of local deformation masking a structure which conforms to the regional pattern.

Folding generally follows a northwest - southeast trend. The folding is often intense and tight but can also be broad and open. Tight folding is particularly noticeable in the Jackson Unit in which anticline - syncline pairs and related thrust faulting are common.”

2.7 Exploration

Coal was observed in the Groundhog-Klappan Coalfield area during the gold rush between 1872 and 1878. V H DuPont first recorded coal in the Spatsizi River and Didene Creek in 1901, approximately 50 km from the present day Atrum Groundhog Coal Project. This lead to intense investigations from 1903 to 1912 which established the presence of coal on the Spatsizi, Skeena, Nass, and Klappan watersheds.


Exploration was infrequent until the 1970s when the National Joint Venture was formed. During the 1970s and 1980s there was a period of intense exploration by Gulf Canada, Esso Minerals, Imperial Metals Group, Suncor Resources Inc, Groundhog Coal Ltd, Skeena Metals Corp., Petro-Canada and BP Canada.
As of April 2017 there are approximately 200 coal licenses and license applications covering most of the Groundhog Coalfield. The licences are held by nine companies including 3G Coal. Four companies are well established lease holders. Another four companies have recent and pending licenses.

2.7.1 Project area

There is limited exploration information available for the 3G Coal tenements. Based on the information provided by 3G Coal, AMC understands that no drillholes of any type have been completed within the Project area.

Historical exploration

There are three areas of historical trenching located within the Project area, highlighted by the magenta boxes shown in Figure 2.9. The trenches in the northern area were completed by GSC and the southern trenches were completed by Suncor Resources Inc.

The GSC programme comprised a total of 60 trenches, of which only 12 are located with the Project area. Several seams were intersected with some exhibiting characteristics of structural thickening.

The Suncor Resources Inc programme comprised nine trenches, several of which are located on the southern slope of Groundhog mountain within the 3G Coal tenements.

Figure 2.9 Location of drilling and trenching within and around the Project area
Recent Exploration

MMTS completed a geological mapping exercise in the north-western part of the 3G Coal tenements in 2017. A total of six geological mapping traverses were completed, with one coal exposure being sampled, see Figure 2.10.

Figure 2.10  Geological mapping north-western part of 3G Coal tenements

Source: MMTS, 2017
2.8 Coal quality

There is limited coal quality information for the Project area.

Table 2.2 and Table 2.3 summarise the coal quality data collected from the historical trenching completed by the GSC and Suncor Resources Inc, respectively.

Table 2.2 Coal quality data collected by GSC within the Project area

<table>
<thead>
<tr>
<th>Trench ID</th>
<th>Northing</th>
<th>Easting</th>
<th>Sample ID</th>
<th>Total Moisture (arb)</th>
<th>Ash (%)</th>
<th>Volatile Matter (%)</th>
<th>Fixed Carbon (%)</th>
<th>Total Sulphur (%)</th>
<th>Calorific Value (MJ/kg)</th>
<th>Rmax (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>89014</td>
<td>6288350</td>
<td>556113</td>
<td>179680</td>
<td>13.8</td>
<td>13.3</td>
<td>12.5</td>
<td>60.4</td>
<td>0.42</td>
<td>22.9</td>
<td>3.7</td>
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<td>89015</td>
<td>6291000</td>
<td>550100</td>
<td>179767</td>
<td>17.3</td>
<td>41.1</td>
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<td>30.5</td>
<td>0.24</td>
<td>11.6</td>
<td>5.38</td>
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<td>565200</td>
<td>179679</td>
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<td>36.3</td>
<td>13.2</td>
<td>22.9</td>
<td>0.18</td>
<td>8.8</td>
<td>8.8</td>
</tr>
<tr>
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<td>6314150</td>
<td>556250</td>
<td>179677</td>
<td>25.5</td>
<td>39.8</td>
<td>14.3</td>
<td>20.4</td>
<td>0.17</td>
<td>8.0</td>
<td>4.97</td>
</tr>
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<td>556150</td>
<td>179675</td>
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<td>33.6</td>
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<td>0.18</td>
<td>8.8</td>
<td>4.96</td>
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<td>562350</td>
<td>179672</td>
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<td>0.17</td>
<td>9.9</td>
<td>4.9</td>
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<td>561500</td>
<td>179668</td>
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<td>34.3</td>
<td>0.22</td>
<td>12.7</td>
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<td>25.4</td>
<td>0.15</td>
<td>10.0</td>
<td>4.65</td>
</tr>
</tbody>
</table>

Note: arb = as received basis. All other qualities are reported on an air dried basis.

The following extract was taken from Dawson and Ryan, 1992:

“Many of the coal samples collected have been extensively weathered, even though the trenches were excavated to expose what appeared to hard fresh coal. As a result of the weathering, specific heat values for most of the coal samples have been significantly lowered to less than 5000 calories/gram (21.5 megajoules/kilogram) on an as-received basis.”

Table 2.3 Coal quality data collected by Suncor Resources Inc within the Project area

<table>
<thead>
<tr>
<th>Trench ID</th>
<th>Northing</th>
<th>Easting</th>
<th>Sample ID</th>
<th>Thickness (m)</th>
<th>Ash (%)</th>
<th>Volatile Matter (%)</th>
<th>Fixed Carbon (%)</th>
<th>Total Sulphur (%)</th>
<th>Calorific Value (MJ/kg)</th>
<th>Rmax (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>85-69</td>
<td>6288944</td>
<td>556119</td>
<td>4703</td>
<td>4.69</td>
<td>37.7</td>
<td>9.1</td>
<td>50.7</td>
<td>0.34</td>
<td>18.6</td>
<td>2.5</td>
</tr>
<tr>
<td>GH-85-67</td>
<td>6289031</td>
<td>556388</td>
<td>4703</td>
<td>4.69</td>
<td>37.7</td>
<td>9.1</td>
<td>50.7</td>
<td>0.34</td>
<td>18.6</td>
<td>2.5</td>
</tr>
<tr>
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<td>4706</td>
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<td>0.35</td>
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<td>6.5</td>
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<td>556113</td>
<td>4704</td>
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<td>55.8</td>
<td>0.31</td>
<td>21.1</td>
<td>8.7</td>
</tr>
<tr>
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<td>4705</td>
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<td>27</td>
<td>18.4</td>
<td>37.2</td>
<td>1.28</td>
<td>15.0</td>
<td>17.4</td>
</tr>
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<td>556163</td>
<td>3260</td>
<td>43.6</td>
<td>18.5</td>
<td>35.1</td>
<td>2.22</td>
<td>23.5</td>
<td>2.8</td>
<td>6.1</td>
</tr>
<tr>
<td>K84</td>
<td>6289206</td>
<td>556125</td>
<td>3259</td>
<td>40.7</td>
<td>21.4</td>
<td>31.8</td>
<td>2.22</td>
<td>23.5</td>
<td>2.8</td>
<td>6.1</td>
</tr>
</tbody>
</table>

Note: All qualities are reported on an air dried basis.

The following extract is taken from Fisher, et al, 1985:

“It should be noted here that the variation in coal rank is, to some degree, suspect. These coals of lower rank are generally from outcrops which are at the highest elevations. These coals are not only oxidized but have also been subjected to permafrost action and an untold number of freeze-thaw cycles.”

Table 2.4 summarises the coal quality collected in 2017 by MMTS.
The exploration will result in the estimation of a seam tonnage. The estimation of RD requires the in-situ moisture (M_{ad}) to convert volumes into tonnages. The estimation of RD requires the in-situ moisture (M_{ad}) of the seam to be determined.

RD_{ad} is best predicted by careful consideration of the in-situ moisture, M_{ad} and then using the Preston and Sanders equation as follows:

\[ RD_{ad} = \frac{RD_{ad} \times (100 - M_{ad})}{(100 + RD_{ad} \times (M_{ad} - M_{ad}) - M_{ad})} \]

Where RD_{ad} is the relative density determined on air-dry coal at the moisture level, M_{ad}. 

---

Table 2.4 Coal quality data collected by MMTS within the Project area

<table>
<thead>
<tr>
<th>Northing</th>
<th>Easting</th>
<th>Sample ID</th>
<th>Moisture (%)</th>
<th>Ash (%)</th>
<th>Volatile Matter (%)</th>
<th>Fixed Carbon (%)</th>
<th>Total Sulphur (%)</th>
<th>Calorific Value (MJ/kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6293027</td>
<td>560968</td>
<td>GS-01</td>
<td>2.62</td>
<td>49.12</td>
<td>4</td>
<td>44.26</td>
<td>0.25</td>
<td>13.8</td>
</tr>
</tbody>
</table>

Note: All qualities are reported on an air dried basis

The coal quality information obtained from trenching gives an indication of the properties of the coal within the Project area. It is necessary to obtain fresh coal samples from drill core to confirm the rank, ash and calorific value of the coal. As stated by the data collectors, although every effort was made to collect fresh samples, the results indicate that many of the trench samples were impacted by the effects of oxidation and permafrost.

2.9 Exploration Target

Mr Robert J Morris reports an Exploration Target at Groundhog South with a range of 2.0 to 3.3 billion tonnes of semi-anthracite to meta-anthracite coal, with a range of 3.3% to 5.4% vitrinite reflectance (Morris 30 April 2018), ash of 9% to 11%, moisture of 0.9% to 1.5%, volatile matter of 5.0% to 6.5%, fixed carbon of 82.6% to 86.5%, sulphur of 0.5% to 0.6% and gross calorific value of 7,300 to 7,400 kcal/kg (Morris, 30 May 2018). Note that all the samples are close to surface and oxidised. This is based on a cumulative coal thickness of between 15 m to 25 m.

The potential quantity and quality of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Coal Resource. It is uncertain if further exploration will result in the estimation of a Coal Resource.

Following is a summary of the assumptions used in the estimation of the Exploration Target:

- The area of coal extent is based on the geological formations (Groundhog – Gunanoot, Skelhorne, Groundhog – Gunanoot to Jenkins Creek), as mapped by the GSC, with inferred geological contacts for areas hidden under glacial cover.
- The area under of the Groundhog – Gunanoot assemblages was then reduced by 50% to allow for uncertainty in geological contacts.
- While the area of the Skelhorne and Transitional Assemblage was reduced by 90% because it is less prospective for coal.
- A cumulative coal thickness of between 15 m – 25 m was used and is based on cumulative coal intersections on the adjacent Groundhog property.
- An in-situ coal density of 1.60 t/m^3 was used and is based on information from the adjacent Atrum Groundhog property. See further notes below of density derivation.
- Coal quality parameters are derived from the adjacent GHNMC and Actos Klappan projects, and are not inconsistent with the Groundhog South.
- Hand dug trench samples from 1985 and 1992, are typically less than 1 m below surface. Not all samples close to surface will be representative of the coal quality at depth, outside the weathering zone.
- Samples from 1985 and 1992 show rank variation from semi-anthracite to meta-anthracite coal based on vitrinite reflectance.

Appendix B contains a list of samples.

It is not clearly stated in the Atrum ASX announcements how the in-situ density was determined. Following is an extract from the August 2015 Atrum Coal NL ASX announcement:

*The estimation of seam tonnages with a high level of confidence requires accurate values of in-situ relative density (RD_{ad}) to convert volumes into tonnages. The estimation of RD_{ad} requires the in-situ moisture (M_{ad}) of the seam to be determined.*
To calculate the in-situ moisture (M_{is}) the method of Fletcher and Sanders (2003) has been used. Firstly, the equilibrium moisture (EM) is calculated from the air-dried moisture (M_{ad}) using:

\[ EM = 1.1971 \times M_{ad} + 1.625 \]

The in-situ moisture can then be calculated using:

\[ M_{is} = 1.117 \times EM + 0.317 \]

An average in situ relative density of 1.65 tonnes/m\(^3\) calculated has been applied to the resource estimate for the eastern part of the Groundhog North Mining Complex. The application of this methodology reduces the resource estimate by approximately 2%.”

The Arctos feasibility study of the Klappan project (see Section 3.2.2), used a bulk density of 1.60 tonnes/m\(^3\) based on sampling, and washability analysis of drill core samples with greater than 70% recovery, as well as bulk sampling, and pilot plant trials conducted during in the mid 1980’s (Morris 30 April 2018).

The Competent Person observed that an in situ relative density of 1.65 tonnes/m\(^3\) might be considered high, with limited information available. As such it was deemed appropriate to use an in situ relative density of 1.60 tonnes/m\(^3\) for the estimation of the Exploration Target.

See Section 5.4.1 for AMC’s observations regarding the geological relationship between Atrum Groundhog and Groundhog South projects.

The proposed exploration programme is discussed in Section 4.

2.10 Coal Resources

There are no Coal Resource estimates within the Project area.
3 Adjacent Properties

3.1 Atrum Groundhog North project

The Groundhog North project, referred to as the Groundhog North Mining Complex (GHNMC) is located west and north of the Project area (Figure 3.1). Atrum Coal NL changed name to Atrum Coal Limited in 20 January 2017.

3.1.1 Local geology

The following extract is taken from the Atrum Coal Replacement Prospectus, 2012:

"The Groundhog Project is situated in the Groundhog Coalfield within the northern part of the Bowser Basin. The basin, which covers an area of approximately 50,000 km$^2$, is defined by the outcrop extent of the Middle Jurassic (175 million years) to Lower Cretaceous (130 million years) Bowser Lake Group. The Bowser Lake Group comprises a 3,500 m thick sedimentary succession. The coal is contained in the Jurassic-Cretaceous Currier Formation which is up to 1,100 m thick containing up to 25 coal seams. The Currier Formation lies between the underlying Ashman Formation and the overlying McEvoy Formation, and consists of alternating beds of shale and sandstone, with lesser amounts of siltstone, conglomerate and coal. Strata are arranged in generally coarsening-upward units ranging from 30 m to 60 m thick in the lower part of the formation. Seams of anthracite coal occur in the lower part of the formation, with coal comprising less than 3% of the total stratigraphic thickness.

Regional scale folding, trending north-west south-east have been interpreted to exist in the area, as well as thrust faulting associated with drag folds. The area is extensively folded with the regional structure dominated by a northwest trending syncline.

Coal seams are lens-like and discontinuous in nature, with the maximum seam thicknesses intersected within coal license 417085 being 3 m. The average thickness of seams is 0.5 m."

3.1.2 Exploration

Coal exploration in the area began in 1970, with further work carried out in 1981, 1983-4 and 2008 prior to acquisition by Atrum Coal NL. Exploration within the Groundhog project is ongoing with Atrum Coal Limited in the process of updating a pre-feasibility study. Atrum Coal Limited have completed 154 drillholes since 2012.

Figure 3.1 shows the location of drillholes, trenches and historical adits within the Groundhog project area as at the effective date of this report.
3.1.3 Coal Quality

The following information on GHNMC coal quality is taken from the August 2015 Atrum Coal NL ASX announcement:

“Raw quality data from the Groundhog North Mining Complex is as follows: ash content of raw anthracite typically varies between 20% and 60% (air-dried), with volatile content between 5-9% (air-dried); raw moisture is typically <3% and averages 1.6%; similarly, the raw sulphur is <3% and averages 1.3%.

Composited product anthracite quality data were compiled, and summarised: results show it is possible to clean the raw anthracite to less than 10% ash product with a calorific value around 7,100-7,500 kcal/kg (sic) and sulphur less than 0.6%.”

Table 3.1 summarises the indicative anthracite quality specifications for the GHNMC.

<table>
<thead>
<tr>
<th>Moisture (%)</th>
<th>Ash (%)</th>
<th>Volatile Matter (%)</th>
<th>Fixed Carbon (%)</th>
<th>Total Sulphur (%)</th>
<th>Calorific Value (MJ/kg)</th>
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</table>

Source: Atrum Coal NL October 2014 ASX Announcement
Note: All qualities are reported on an air-dried basis

3.1.4 Coal Resources

Coal Resources for Atrum Coal NL’s GHNMC (Figure 3.1) are summarised in Table 3.2. Figure 3.2 shows the location of the Coal Resource domains.
Table 3.2  Groundhog North Coal Resource estimate as at July 2016 – Atrum Coal NL

<table>
<thead>
<tr>
<th>Resource Classification</th>
<th>Eastern Domain Tonnes (Mt)</th>
<th>Western Domain Tonnes (Mt)</th>
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</thead>
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<td>Measured</td>
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<td>Indicated</td>
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<td>Total</td>
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Source: Atrum Coal Investor Presentation, July 2016

Figure 3.2  Location of Coal Resource domains for the GHNMC

Source: Atrum Coal Investor Presentation, July 2016

The Coal Resource estimate for the western domain is summarised in the October 2014 Atrum Coal NL ASX announcement. From which the following explanatory notes contained in the JORC Table 1 are taken:

“For the Groundhog North area a reportable JORC resource has been determined for the points of observation with both quality and thickness data. For the purposes of this resource assessment, quality data has been applied to all 2014 drilling points of observation.

For the estimate of the coal resource in the Groundhog North area, the following constraints have been used:

- 100m offset from the Skeena River. Resources to the east of the Skeena are not included.
- Measured resource extrapolated 500 m from points of observation.
- Indicated resource extrapolated 1,000 m from points of observation.
- Inferred resource extrapolated 2,000 m from points of observation.
- A maximum of 0.3 m stone parting.
- A minimum 0.4 m mining thickness for open cut mining at 300 m depth. The 300 m depth cut off for open cut mining equates to a strip ratio of 17 based on an average of 5.7 m of cumulative coal per 100 m.”
The Coal Resource estimate for the eastern domain is summarised in the August 2015 Atrum Coal NL ASX announcement. From which the following explanatory notes contained in the JORC Table 1 are taken:

“For the estimate of the coal resource in this eastern area, the following constraints have been used:

- 200 m offset from the Skeena River.
- Measured resource extrapolated 500 m from points of observation.
- Indicated resource extrapolated 1,000 m from points of observation.
- Inferred resource extrapolated 2,000 m from points of observation.
- A maximum of 0.3 m stone parting.
- A minimum 0.4 m mining thickness for open cut mining at <100 m depth.
- A minimum 1 m mining thickness for underground mining at >100 m depth.”

3.2 Arctos Lost Fox project

The Lost Fox Project is located approximately 40 km north-north west of the Project area (Figure 2.6).

3.2.1 Local geology

The following extract is taken from the Arctos Mine Feasibility Study Report completed by Golder Associates in 2012:

“…the anthracite resources are contained in the Klappan Formation, which is composed of mudstone, siltstone, sandstone and some conglomerate and 33 anthracite seams that were deposited in a cyclic deltaic shoreline sequence. The Klappan Formation is approximately 1,100 metres thick and the anthracite seams occur in the central 600 metres of the formation.”

Figure 3.3 and Figure 3.4 show the local geology and generalised stratigraphy for the Lost Fox project, respectively. The generalised stratigraphic column indicates approximately 54 m of cumulative coal within a 500 m sequence.
Figure 3.3  Geology of the Lost Fox project

Source: Golder Associates Inc., 2012
Figure 3.4  Generalised stratigraphy for the Lost Fox project

Source: Golder Associates Inc., 2012
3.2.2 Exploration

The Arctos project is located in the Klappan Coalfield. The majority of exploration was completed by Gulf Canada by late 1990. Gulf Canada was acquired by Conoco and Phillips Petroleum Co. in November 2001. Conoco Canada Limited sold the Mt Klappan project to Fortune Minerals Limited (Fortune) in August 2002 for CAD$3.3 million.

Fortune completed a season of exploration, environmental fieldwork, block modelling and other studies in 2005. Field work consisted of LiDAR surveys, geophysical and stratigraphic logging of twelve HQ diamond drillholes, for 2,109 m of drill core.

The project was renamed to the Arctos Anthracite Joint Venture by majority owner Fortune and joint venture partner South Korean subsidiary, POSCO Canada.

Figure 3.5 and Figure 3.6 summarise the exploration carried out to date on the Lost Fox project.

**Figure 3.5** Summary of exploration carried out for the Lost Fox project

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Source: Golder Associates Inc., 2012
Figure 3.6 Summary of exploration carried out for Arctos project categorised by year and area

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Source: Golder Associates Inc., 2012
Note: LF = Lost Fox, HB = Hobbit-Broatch and S = Summit. * = to be determined

3.2.3 Coal Quality

Figure 3.7 and Figure 3.8 summarise the raw and product coal quality for the Lost Fox project, respectively.

Figure 3.7 Summary of raw coal quality for the Lost Fox project

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<td>4,638</td>
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<td>2,211</td>
<td>689</td>
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<td>Measured</td>
<td>I</td>
<td>4.3</td>
<td>43,265</td>
<td>45,187</td>
<td>32,426</td>
<td>71.8</td>
</tr>
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<td>J</td>
<td>9.0</td>
<td>1,102</td>
<td>3,514</td>
<td>1,654</td>
<td>41.1</td>
</tr>
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<td>K</td>
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<td>26,338</td>
<td>14,977</td>
<td>54.6</td>
</tr>
<tr>
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<td>15,384</td>
<td>15,765</td>
<td>5,936</td>
<td>37.4</td>
</tr>
<tr>
<td>Measured</td>
<td>L</td>
<td>2.3</td>
<td>10,391</td>
<td>10,806</td>
<td>4,696</td>
<td>43.1</td>
</tr>
<tr>
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<td>10,661</td>
<td>11,159</td>
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<td>43.4</td>
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<td>2,888</td>
<td>2,847</td>
<td>951</td>
<td>32.3</td>
</tr>
<tr>
<td>Measured</td>
<td>N</td>
<td>3.0</td>
<td>3,087</td>
<td>3,170</td>
<td>1,633</td>
<td>51.5</td>
</tr>
<tr>
<td>Measured</td>
<td>O</td>
<td>2.1</td>
<td>1,164</td>
<td>1,192</td>
<td>582</td>
<td>48.8</td>
</tr>
<tr>
<td>Measured</td>
<td>P</td>
<td>1.9</td>
<td>194</td>
<td>196</td>
<td>100</td>
<td>51.1</td>
</tr>
<tr>
<td>Total Measured</td>
<td></td>
<td>3.2</td>
<td>172,470</td>
<td>175,068</td>
<td>95,130</td>
<td>54.0</td>
</tr>
<tr>
<td>Indicated</td>
<td>GU</td>
<td>1.5</td>
<td>131</td>
<td>138</td>
<td>52</td>
<td>37.6</td>
</tr>
<tr>
<td>Indicated</td>
<td>PH</td>
<td>1.1</td>
<td>563</td>
<td>588</td>
<td>254</td>
<td>43.4</td>
</tr>
<tr>
<td>Indicated</td>
<td>HI</td>
<td>2.9</td>
<td>3,006</td>
<td>3,524</td>
<td>1,844</td>
<td>47.2</td>
</tr>
<tr>
<td>Indicated</td>
<td>I</td>
<td>0.6</td>
<td>663</td>
<td>507</td>
<td>160</td>
<td>31.5</td>
</tr>
<tr>
<td>Indicated</td>
<td>J</td>
<td>4.2</td>
<td>4,686</td>
<td>4,781</td>
<td>2,846</td>
<td>59.6</td>
</tr>
<tr>
<td>Indicated</td>
<td>K</td>
<td>3.1</td>
<td>3,150</td>
<td>3,297</td>
<td>1,737</td>
<td>52.7</td>
</tr>
<tr>
<td>Indicated</td>
<td>KL</td>
<td>2.4</td>
<td>1,600</td>
<td>1,680</td>
<td>588</td>
<td>38.5</td>
</tr>
<tr>
<td>Indicated</td>
<td>L</td>
<td>2.7</td>
<td>2,094</td>
<td>2,158</td>
<td>889</td>
<td>40.9</td>
</tr>
<tr>
<td>Indicated</td>
<td>M</td>
<td>3.2</td>
<td>1,767</td>
<td>1,860</td>
<td>722</td>
<td>38.9</td>
</tr>
<tr>
<td>Indicated</td>
<td>MN</td>
<td>2.3</td>
<td>1,753</td>
<td>1,826</td>
<td>569</td>
<td>33.2</td>
</tr>
<tr>
<td>Indicated</td>
<td>N</td>
<td>1.8</td>
<td>459</td>
<td>469</td>
<td>275</td>
<td>56.7</td>
</tr>
<tr>
<td>Total Indicated</td>
<td></td>
<td>2.9</td>
<td>20,447</td>
<td>21,009</td>
<td>9,835</td>
<td>46.8</td>
</tr>
<tr>
<td>Total Demonstrated</td>
<td></td>
<td>3.2</td>
<td>192,917</td>
<td>197,095</td>
<td>104,965</td>
<td>53.3</td>
</tr>
</tbody>
</table>

Source: Golder Associates Inc., 2012
Note: 1. Total demonstrated = Measured + Indicated
2. adb = air dried basis
Figure 3.8 Summary of product coal quality for the Lost Fox project

<table>
<thead>
<tr>
<th>Clean Coal Specification</th>
<th>Units</th>
<th>Mean</th>
<th>Max.</th>
<th>Min.</th>
<th>Mean Dev.</th>
<th>% Mean Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residual Moisture</td>
<td>wt. %</td>
<td>0.9</td>
<td>2.0</td>
<td>0.4</td>
<td>0.18</td>
<td>19.5</td>
</tr>
<tr>
<td>Ash</td>
<td>wt. %</td>
<td>10.0</td>
<td>18.7</td>
<td>7.4</td>
<td>0.76</td>
<td>7.9</td>
</tr>
<tr>
<td>Volatile Matter</td>
<td>wt. %</td>
<td>6.5</td>
<td>8.8</td>
<td>4.0</td>
<td>0.48</td>
<td>7.4</td>
</tr>
<tr>
<td>Fixed Carbon</td>
<td>wt. %</td>
<td>82.6</td>
<td>85.9</td>
<td>72.9</td>
<td>0.98</td>
<td>1.2</td>
</tr>
<tr>
<td>Sulphur</td>
<td>wt. %</td>
<td>0.52</td>
<td>1.74</td>
<td>0.00</td>
<td>0.06</td>
<td>12.1</td>
</tr>
<tr>
<td>Gross Calorific Value</td>
<td>GJ/t</td>
<td>31.1</td>
<td>32.6</td>
<td>17.4</td>
<td>0.54</td>
<td>1.7</td>
</tr>
<tr>
<td>Gross Calorific Value</td>
<td>kcal/kg</td>
<td>7,423</td>
<td>7,789</td>
<td>4,166</td>
<td>129</td>
<td>1.7</td>
</tr>
<tr>
<td>Gross Calorific Value</td>
<td>btu/lb.</td>
<td>13,352</td>
<td>14,011</td>
<td>7,494</td>
<td>232</td>
<td>1.7</td>
</tr>
<tr>
<td>HGI</td>
<td>mm</td>
<td>40-45</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Size</td>
<td></td>
<td>50</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Golder Associates Inc., 2012
Note: adb = air dried basis

3.2.4 Coal Resources

Figure 3.9 summarises the Coal Resources for the Lost Fox project as at October 2012. The Coal Resources were estimated within a conceptual pit design which was defined using a 20:1 bank cubic metre (bcm) per product tonne.

Figure 3.9 Summary of Coal Resources for the Lost Fox project

<table>
<thead>
<tr>
<th>Seam</th>
<th>In Situ Tonnes (kt)</th>
<th>10% Ash (adb) Product Tonnes (kt)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Measured</td>
<td>Indicated</td>
</tr>
<tr>
<td>GU</td>
<td>2,705</td>
<td>131</td>
</tr>
<tr>
<td>PH</td>
<td>6,880</td>
<td>568</td>
</tr>
<tr>
<td>H</td>
<td>41,914</td>
<td>3,366</td>
</tr>
<tr>
<td>HI</td>
<td>3,570</td>
<td>683</td>
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<tr>
<td>I</td>
<td>43,255</td>
<td>4,585</td>
</tr>
<tr>
<td>J</td>
<td>5,192</td>
<td>295</td>
</tr>
<tr>
<td>K</td>
<td>25,374</td>
<td>3,150</td>
</tr>
<tr>
<td>KL</td>
<td>15,594</td>
<td>1,606</td>
</tr>
<tr>
<td>L</td>
<td>10,391</td>
<td>2,084</td>
</tr>
<tr>
<td>M</td>
<td>10,681</td>
<td>1,787</td>
</tr>
<tr>
<td>MN</td>
<td>2,566</td>
<td>1,753</td>
</tr>
<tr>
<td>N</td>
<td>3,087</td>
<td>459</td>
</tr>
<tr>
<td>O</td>
<td>1,164</td>
<td>0</td>
</tr>
<tr>
<td>P</td>
<td>184</td>
<td>0</td>
</tr>
<tr>
<td>Totals</td>
<td>172,470</td>
<td>20,447</td>
</tr>
</tbody>
</table>

Source: Golder Associates Inc., 2012
Note: adb = air dried basis

See Section 5.4.2 for AMC’s comments regarding the caution in applying the geological information for the Lost Fox project directly to Groundhog South.
4 Proposed exploration

MMTS have devised an exploration programme for the Project area, which consists of 35 drillholes with downhole geophysics. These are planned to be drilled in late 2018 in the southern portion of the project. In addition, a mapping and trenching programme for the northern portion of the Project area is planned.

The exploration programme is detailed in MMTS report dated 16 May 2017.

“It is proposed that the entire southeast portion of the property be explored with phase one drilling as this area is the closest to infrastructure, areas 1 and 2 on Figure 4.1. A phase one drill program of 5000 m-6000 m is proposed. Drillholes should be generally 200 m deep with the occasional 300 m deep hole to assist coal seam correlation work.

It is proposed that two SE/NW lines be drilled, one on either side of the Skeena River, from the Atrum property to the southeast. The two lines will be between 16 km and 17.5 km long. The intent of this Phase 1 drilling is to test the coal-bearing horizons .... Drillholes should be spaced approximately 2.5 km apart so that seven holes can be drilled north of the river and eight south of the river. The holes should be staggered off on a southeast line such that each of the lines cover a width up to 2.5 km. An area 17.5 km x 5 km can be tested with fifteen holes totalling 3,600 m, Figure 4-2.

Infill drilling, Phases 2 and 3, will be designed around the most promising coal zones identified with the Phase 1 program. Phase 2 and 3 will be designed to up-grade the Exploration Target..

The portion of the property west Area 2, is fairly mountainous and will be more difficult to access. This area can be tested with several drillholes located to minimize environmental impact.

Geological mapping and trenching should be undertaken in all of the major drainages to aid in structural interpretations and correlation work.

It should be noted that coal seams have been documented in the north end of the property. On Tzhany Ridge and Prudential Mountain thick coal seams are noted ranging from 1.6 m to 9.2 m thick with numerous rock partings within the seams. Several coal-bearing sequences were noted with coal seams to 4m thick. This area should be examined in some detail with geological mapping and sampling."

Figure 4.1 and Figure 4.2 show the proposed exploration areas and drillhole programme for the Project area. The ellipses refer to areas 1 and 2 in Figure 4.1.

The drilling programme is designed to test the depth, continuity and thickness of coal seams. All drillholes will be fully cored. Drillholes will range in length from 150 m to 200 m, whole core will be analysed, with the non-analysed sample being retained for future reference. One stratigraphic hole is included in the programme, it is planned to reach 300 m depth. All core logging will be undertaken at site by MMTS. The exploration budget for years 2018/2019 and 2019/2020 is shown in Table 4.1.

On completion of the exploration programme 3G Coal propose to undertake a metallurgical test work and a scoping study to provide guidance for future exploration and development.

<table>
<thead>
<tr>
<th>Table 4.1 Exploration budget 2018/2019 and 2019/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity</td>
</tr>
<tr>
<td>Drilling (m)</td>
</tr>
<tr>
<td>Assaying (samples)</td>
</tr>
<tr>
<td>Downhole EM survey</td>
</tr>
<tr>
<td>Drilling site support</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Note:
1. EM - electromagnetic geophysical survey
2. Excludes tenement management costs, remediation, and salary’s.
In AMC’s view, the planned exploration expenditure is reasonable and consistent with the aims of the exploration programme.

**Figure 4.1** Plan of proposed exploration Area 1 and Area 2

Source: MMTS Groundhog South Review note, 2017. Modified AMC.
Note: Green areas are proposed exploration areas.
Figure 4.2  Proposed drilling programme

Source: MMTS Groundhog South Review note, 2017
5 AMC comments and opinions

5.1 Geology
Geological mapping has established that the Project area is structurally complex, with a variety of dips and dip directions measured. It has confirmed the existence of multiple coal intersections.

However, the sparsity of information collected to date combined with the structural complexity of the area, means that it is difficult to establish coal seam continuity or correlation.

5.2 Data
There is very limited data with no drillholes within the Project area. Any assessment of the prospectivity of the Project area is uncertain and reliant on interpretation from adjacent properties.

5.3 Coal Quality
The coal quality information obtained from trenching gives an indication of the properties of the coal within the Project area. However, AMC does not consider the samples to be reliable for the purposes of Coal Resource estimation or mine planning studies.

It is necessary to obtain fresh coal samples from drill core to confirm the rank, ash and calorific value of the coal. As stated by the data collectors, although every effort was made to collect fresh samples, the results indicate that many of the trench samples were impacted by the effects of oxidation and permafrost.

5.4 Adjacent Properties
5.4.1 Atrum Groundhog project
Geology
AMC notes the following:

- The GHNMC shares similar geology to the Mt Jackson property area and appears to be an along-strike continuation of the geology encountered in the GHNMC (Figure 5.1).
- It is approximately 10 km south east of the defined Coal Resource.
- The GHNMC Coal Resource does not extend into the Groundhog Central area. Figure 5.1 shows that there are numerous trenches and drillholes located in Groundhog Central. This might indicate that:
  - There was not enough drilling information to estimate a Coal Resource.
  - The coal seams are not able to be correlated and / or continuous from Groundhog North into the Central area.
  - The Central area is not a focus of Atrum Coal Limited and therefore they have not assessed the data in this area.
- The Mt Klappan area of the Project area contains the Skelhorne formation which is roughly analogous to the lower Currier Formation and upper Ashman Formation, which are less prospective for coal.

AMC considers that the GHNMC and the Groundhog Central projects are potentially similar to the Mt Jackson area of the Project area. However, caution must be taken because of the complex geology and uncertain geological contacts.
Coal Quality

Coal quality comparisons are difficult because of the uncertainty in the accuracy of the trench samples taken within the Project area. AMC considers that the trench samples in the Project area are most likely affected by weathering. As such, the coal quality of the GHNMC is likely to be a reliable indicator of what to expect from fresh samples taken from within the Project area.

Coal Resource

AMC notes the following regarding the GHNMC Coal Resource estimates:

- There are no depth constraints applied to the Coal Resource estimate.
- A minimum thickness of 1 m is used for potential underground mining Coal Resources.
- The constraints applied to the eastern and western domains are different.

AMC recommends that caution should be used when considering the Coal Resource estimate for GHNMC in relation to Groundhog South deposit. The constraints, or lack thereof, applied might increase the Coal Resource. Consideration of the complex geology, discontinuous nature of some coal seams and practical underground mining thicknesses should be made.
5.4.2 Arctos Lost Fox project

AMC notes the following:

- The Lost Fox project is located approximately 40 km north north-west of the Project area.
- The regional and local structure of the Groundhog-Klappan Coalfield is complex with folding and faulting prevalent.
- Coal seam and geological continuity is uncertain over large distances.

As such, AMC considers that the information presented for the Lost Fox project should be cautiously applied to the Project area. It should be considered more as a general reference to the nature of coal deposits in the Groundhog-Klappan Coalfield.

5.5 Environmental, social, cultural and heritage impacts

AMC notes Groundhog South lies within a Special Resources Management zone, which includes the potential for project development complications in relation to water, fauna and first nations issues.

AMC considers mitigating factors exist through 3G Coal having an already established stakeholder relationships with the local first nations people and the local ministry of mines. Further development will require additional consultation with all stakeholders and further environmental and archaeological studies.

5.6 Prospectivity

AMC considers the Mt Jackson area of the Project area to be the most prospective for coal. It is along-strike of Atrum Coal Ltd’s GHNMC and Groundhog Central area. The historical trenching completed by Suncor Resources Inc indicate the existence of multiple coal intersections.

Atrum Coal Ltd also consider the area south of the GHNMC and adjacent to the Project area to be prospective. Figure 5.2 shows Atrum Coal Ltd’s regional exploration plan and their intent to continue to explore south east of the GHNMC.

5.7 Exploration programme

AMC considers the exploration programme and exploration expenditure are reasonable and consistent with the project development aims stated by 3G Coal.
AMC makes the following comments regarding the Exploration Target reported by Mr Morris 1 May 2018:

- In the absence of data, using the area covered by the geological formations is acceptable.
- The use of discount factors to account for uncertainty is acceptable.
- Applying coal thickness and density parameters from the GHNMC is appropriate.
- No consideration of final depth or depth of cover.

The potential quantity and quality of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate of Coal Resource. It is uncertain if further exploration will result in the estimation of a Coal Resource.

AMC considers the overall method used for determining the Exploration Target to be acceptable. The application of discount factors to account for geological uncertainty is subjective and difficult to quantify. Given the limited data available within the Project area itself, using the adjacent GHNMC and geological mapping data is the most reasonable approach. Additional consideration that could be incorporated are a depth related constraint and estimate range of raw ash values.

AMC considers the proposed exploration discussed in Section 4 targets the correct areas and will result in a better understanding of the geology in the Project area.

Figure 5.2 Atrum Coal NL regional exploration plan, 2014

Source: Atrum Coal NL, ASX Announcement, August 2014
6 JORC compliance statement

Independent Geologists Report

The information in this IGR that relates to exploration results is based on information compiled by Mr Rod Webster, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Webster is employed by AMC Consultants Pty Ltd. AMC Consultants Pty Ltd has been engaged by 3G Coal Ltd under a services agreement. Mr Webster has no relationship with 3G Coal Ltd, or any employees or directors of 3G Coal Ltd. Mr Webster is not a shareholder of 3G Coal Ltd. Mr Webster has no beneficial interest in any of the claims or agreements related to the claims, the subject of this IGR. Mr Webster has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Webster consents to the inclusion of this IGR in the IPO prospectus in its entirety.

Exploration Target

The information in this IGR that relates to exploration results and the Exploration Target are based on information compiled by Mr Robert J Morris, a Competent Person who is a member of the Association of Professional Engineers and Geoscientists of British Columbia. Mr Morris is employed by Moose Mountain Technical Services. Mr Morris has been engaged by 3G Coal Ltd under a services agreement. Mr Morris has no relationship with 3G Coal Ltd, or any employees or directors of 3G Coal Ltd. Mr Morris is not a shareholder of 3G Coal Ltd. Mr Morris has no beneficial interest in any of the claims or agreements related to the claims, the subject of this IGR. Mr Morris has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Morris consents to the inclusion of this IGR in the IPO prospectus in its entirety.
7 Site visit

AMC has not conducted a site visit for any of the Assets contained in this IGR. AMC is of the opinion that a site visit would not likely reveal any new information that is material to the assessment of the Assets for the following reasons:

- There are no workings or historic mining operations requiring validation.
- All Assets are considered as early stage exploration projects.
- For the purposes of claim application and acquisition, and to verify known historic samples, 3G Coal have engaged multiple local independent geologists to collect grab, chip and channel samples during site visits from June to September 2016. Site visit reports and / or NI43-101 Technical Reports were produced for all Assets.
- AMC has been provided with copies of the consents by the local independent geologists, Competent Person for the Exploration Target, and for other unpublished reports provided by Moose Mountain Technical Services, which are quoted in this IGR.
- The consent to quote has not been withdrawn by the Competent Person for the Exploration Target.
8 Sources of information

All tenure information and geological mapping information was sourced from the following British Columbia and Canadian government websites:

- The Geological Survey of British Columbia www.empr.gov.bc.ca/Mining/Geoscience
- National Resources Canada geogratis.gc.ca
- British Columbia iMapBC www.maps.gov.bc.ca/ess/sv/imapbc/

Public documents


Atrum Coal NL, October 2014. Atrum Coal – 100 % Increase in JORC Resources at Groundhog North. ASX announcement. Atrum Coal NL.

Atrum Coal NL, September 2015. Anthracite Market Continues to Outperform. ASX announcement. Atrum Coal NL.

Atrum Coal NL, August 2015. Atrum Coal Increases Groundhog North Resource. ASX announcement. Atrum Coal NL.

Atrum Coal NL, July 2016. Amended Updated Corporate Presentation. ASX announcement. Atrum Coal NL.


Non-public documents – required consent has been obtained

Farris, Vaughan, Wills and Murphy LLP, 8 May 2018. 3G Coal NL - Coal Title Opinion. Re: British Columbia Coal Tenures. Prepared by Farris, Vaughan, Wills & Murphy LLP for 33 Coal NL.


9 Qualifications

9.1 Introduction

AMC is a firm of mineral industry consultants whose activities include the preparation of due diligence reports and reviews on mining and exploration projects for equity and debt funding and for public reports.

The contributors to this IGR are:

- **Rod Webster, Principal Geologist** BSc(AppGeol), MAusIMM, MAIG. Mr Webster has over 35 years’ experience in coal, base and precious metals, nickel, copper, uranium and mineral sands. His experience covers all facets of general geology focusing on deposit evaluation from the initial drilling through deposit definition, resource/reserve estimation and mine design. Mr Webster qualifies as a Specialist under the VALMIN Code and takes responsibility for the IGR.

- **Tracie Burrows, Principal Geologist** BSc(AppGeol), MAIG, RPGeo(Mining). Tracie has 25 years’ industry experience in mining, mineral resource estimation, auditing and due diligence. She has significant underground mining experience and has worked in base metals, nickel sulphides, hard rock tin, gold, porphyry copper / gold deposits. Ms Burrows qualifies as a Specialist under the VALMIN Code.

- **Peter Stoker, Principal Geologist** BSc, Dip(Ed), HonFAusIMM(CP). Peter is a geologist with more than 45 years’ experience in mine geology, mineral resource and ore reserve estimation, feasibility studies, project evaluation, and mineral exploration. Peter is the Deputy Chair and immediate past Chairman of the Joint Ore Reserves Committee (JORC) and was Secretary from late 1999 to 2005. He is also a JORC representative on the Committee for Mineral Reserves International Reporting Standards (CRIRSCO). He was a member of the steering committee and a contributor for Monograph 23 “Mineral Resources and Ore Reserves Estimation – The AusIMM Guide to Good Practice", a contributor and peer reviewer for Monograph 30 “Mineral Resource and Ore Reserve Estimation – The AusIMM Guide to Good Practice - Second Edition. Peter has authored or co-authored a number of papers on mineral resource and ore reserve estimation, classification, and exploration research and practice.

9.2 Independence

AMC does not have any business or employment relationship with 3G Coal Limited other than the carrying out of consulting work for company’s which Mr Gino D’Anna and Mr Russel Moran have had or have a current business relationship. These companies include Atrum Coal NL and MetalsTech Limited.

These previous professional consulting services include:

- In 2012, a Coal Resource Estimation and provision of a Competent Person for the Groundhog anthracite deposit located in British Columbia, Canada. This Coal Resource estimation has since been superseded by multiple updates undertaken by third-party consultancies.

- In 2012, a estimation of tonnages and comment on exploration prospectivity of the Naskeena, Peace River and Bowron River anthracite deposits, located in British Columbia, Canada.

- In 2012, an Independent Geologist Report for Groundhog, Naskeena, Peace River and Bowron River coal projects located in British Columbia, Canada.

- In 2014, an Independent Geologist Report for the separation of Groundhog, from Naskeena, Peace River and Bowron River coal projects. Project put on hold, work not completed.

- In 2016, Independent Geologists Report for MetalsTech Limited for the IPO on the ASX.


AMC acted as an independent party. Neither AMC nor the contributors to this IGR have any interests in 3G Coal or in the proposed transaction subject of this IGR that could be reasonably construed to affect their independence. AMC has no pecuniary interest, association or employment relationship with 3G Coal Limited.

Neither AMC nor the contributors to this IGR or members of their immediate families hold shares in 3G Coal.

AMC is being paid a fee according to its normal per diem rates and out of pocket expenses in the preparation of this IGR, which is A$65,000, inclusive of GST. Its fee is not contingent on the outcome of the transaction subject to this IGR.
9.3 Reliance on information
In AMC’s letter of engagement, 3G Coal agreed to comply with the obligations of the commissioning entity under the VALMIN Code, including that to the best of its knowledge and understanding, complete, accurate and true disclosure of all relevant material information has been made.

In preparing this IGR, to the extent that it is based on information and reports provided by 3G Coal, AMC has relied on information and reports provided to it by 3G Coal. AMC accepts no liability in respect of such data or information, save that it has exercised reasonable care as set below, in the use of such data and information. AMC makes no representation and gives no warranty as to the accuracy or completeness of the data or information contained in any information or reports that it has relied on.

3G Coal has been provided with drafts of this IGR to enable correction of any factual errors and notation of any material omissions. The views, statements, opinions and conclusions expressed by AMC are based on the assumption that all data provided to it by 3G Coal are complete, factual and correct to the best of 3G Coal’s knowledge.

9.4 Effective date
The conclusions in this IGR are effective as at the date of the report, however those conclusions could change in the future depending on changes in commodity prices and/or results and technical changes at the proposed operations and/or results of exploration and/or status of tenements. AMC disclaims responsibility for any changes that may have occurred after the date of this IGR.

9.5 Standard of work
AMC warrants that in the preparation of this IGR it has taken reasonable care in accordance with standards ordinarily exercised by members of the profession generally who practice in the same locality and under similar conditions. AMC accepts no liability whatsoever in respect of any failure to exercise a degree or level of care beyond such reasonable care. No other warranty, express or implied, is given, save where necessarily incorporated by statute. The IGR has been prepared in accordance with the scope of work and for the purpose outlined in the engagement letter dated 21 April 2017 and should be read in full. No responsibility is accepted for the use of any part of this IGR in any other context or for any other purpose or by third parties. This IGR does not purport to give to legal advice.

9.6 Consent
AMC consents to the inclusion of this IGR in listing documents to accompany an Initial Public Offering for a listing by 3G Coal on the Australian Securities Exchange in 2018. Neither AMC’s IGR nor any part of it, nor any reference to it, may be used for any other purpose without AMC’s prior written consent.

9.7 Reliance on report
To the extent permitted by law, AMC accepts no liability whatsoever, whether in contract, in tort or negligence or otherwise, for any loss or damage (including consequential or economic loss or damage) arising as a result of any person other than the named addressees acting or refraining from acting in reliance on any information, opinion or advice contained in this IGR.

No person (including the clients) is entitled to use or rely on this IGR and its contents at any time at which any fees (or reimbursement of expenses) due to AMC are outstanding and, in those circumstances, AMC may require the return to it by any person of all copies of this IGR and any part of it in their possession.

9.8 Indemnity
3G Coal has indemnified AMC in regard to damages, losses and liabilities related to or arising out of AMC’s engagement other than those arising from willful default, negligence or unlawful act on our part.
9.9 Signatories

The signatories of this IGR are members of The AusIMM and are bound by its code of ethics.

R L Webster  
BSc (Applied Geology), MAusIMM, MAIG,  
Principal Geologist

P Stoker  
BSc, DipEd, HonFMAusIMM (CP),  
Principal Geologist
Appendix A
JORC 2012 Table 1
JORC Code, 2012 Edition – Table 1

<table>
<thead>
<tr>
<th>Criteria</th>
<th>JORC Code explanation</th>
<th>Commentary</th>
</tr>
</thead>
</table>
| **Sampling techniques**      | • Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.  
• Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.  
• Aspects of the determination of mineralisation that are Material to the Public Report.  
• In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information. | • Trench samples have been collected from exposures of coal seams, typically along rivers and streams, and above the treeline.  
• Typically a trench is dug by hand in the direction of the dip of the coal seam to expose the coal, as well as the roof and floor strata. The trench is dug deep enough to expose the coal below the influence of roots and dirt from weathering.  
• Detailed logging of the trenches includes individual coal ply thickness as well as thickness and lithology of partings.  
• The true thickness of the coal seam is determined by measurement and is typically an accurate estimate.  
• The sample is a representative channel sample across the thickness of the seam.  
• The samples are not representative of the coal quality due to near surface weathering and oxidation of the coal.  
• Oxidation increases the moisture content of the coal which influences the coal quality parameters such as volatile matter, specific heat values, and fixed carbon content.  
• With weathering of near surface coal there is the likelihood of increased ash content as soil material is washed into fractures. |
| **Drilling techniques**      | • Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). | No drilling is being reported on the 3G Coal Project. |
| **Drill sample recovery**    | • Method of recording and assessing core and chip sample recoveries and results assessed. | No drilling is being reported on the 3G Coal Project. |
### Criteria

<table>
<thead>
<tr>
<th>JORC Code explanation</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measures taken to maximise sample recovery and ensure representative nature of the samples.</td>
<td>The trench samples are a representative channel sample across the thickness of the coal seam. Trench samples represent the coal seam at a single location, no bias occurs.</td>
</tr>
<tr>
<td>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</td>
<td></td>
</tr>
</tbody>
</table>

### Logging

| Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. | 21 trenches have been completed on the property, for a total length of 97.65m. All trenches were logged and photographed. Not to a level of detail to support the estimation of a Coal Resource. Logging of outcrop is qualitative as well as quantitative in that coal ply samples were collected for coal quality testing and seams thickness was measured. |

### Sub-sampling techniques and sample preparation

<p>| If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. | No drill core available for sampling. No subsampling was undertaken. Typically the trench samples were collected by hand and placed in sample bags after the coal ply was cleaned of foreign material. The 2017 samples represent channel samples from a steep exposure where very little clean-up was required. The sampling was completed during the summer along open slopes and ridges where typically the coal is dry. Trench samples were delivered to various laboratories specializing in coal quality testing. At this early stage of exploration sample preparation was limited to homogenization of the sample to produce a representative sub-sample. Quality control at the laboratories includes cleaning of equipment between samples and strict control of sample ID. A sub-sample was retained by the laboratory in case further testing is required. Coal samples collected along the length of the trench are representative of individual plys. No duplicate samples were collected. The samples are not representative of the in situ material because of near surface oxidation and weathering of the coal. |</p>
<table>
<thead>
<tr>
<th>Criteria</th>
<th>JORC Code explanation</th>
<th>Commentary</th>
</tr>
</thead>
</table>
| Quality of assay data and laboratory tests   | • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.  
• For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.  
• Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. | • The sample taken in 2017 was analysed by GWIL Industries Birtley Coal & Minerals Testing, 7784 – 62 Street SE, Calgary, Alberta, T2C 5K2 Canada. A commercial laboratory with over 40 years’ commercial experience in testing, analysis and beneficiation of coal.  
• The laboratories used for the historic analysis is not documented.  
• No geophysical tools were used to evaluate the Project.  
• There is no mention of quality control procedures being used during the historic trenching programmes.  
• No QA/QC procedures were employed during the 2016 trenching program. |
| Verification of sampling and assaying         | • The verification of significant intersections by either independent or alternative company personnel.  
• The use of twinned holes.  
• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.  
• Discuss any adjustment to assay data. | • The historic trenching programs, were completed by either government personnel or coal geologists working for a company. Typically no independent verification would have been undertaken.  
• In 2017 the single trench sample was collected by an independent contractor.  
• No twin samples have been submitted.  
• There has been no drilling on the property.  
• All coal quality results and mapping data were supplied as digital files and hard copy prints.  
• Coal quality data has not been entered into a database.  
• There has been no adjustment made to the coal quality data. |
| Location of data points                      | • Accuracy and quality of surveys used to locate drillholes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.  
• Specification of the grid system used.  
• Quality and adequacy of topographic control. | • All samples have been collected at surface.  
• There is no documentation on the survey techniques fused to locate historic trenches. Typically the trenches would have been surveyed by triangulation or located on aerial photographs and / or orthophotos. |
### Section 2 Reporting of exploration results

<table>
<thead>
<tr>
<th>Criteria</th>
<th>JORC Code explanation</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Data spacing and distribution</strong></td>
<td>- Data spacing for reporting of Exploration Results.</td>
<td>• The 2017 sample and geology stations have been located using GPS.</td>
</tr>
<tr>
<td></td>
<td>- Whether the data spacing and distribution is sufficient to establish the degree of</td>
<td>• Grid system is National Topographic System (NTS) maps 94D and 104A.</td>
</tr>
<tr>
<td></td>
<td>geological and grade continuity appropriate for the Mineral Resource and Ore Reserve</td>
<td>• At this early stage of exploration, the topographic control is publicly available 1:20,000 scale topography.</td>
</tr>
<tr>
<td></td>
<td>estimation procedure(s) and classifications applied.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Whether sample compositing has been applied.</td>
<td></td>
</tr>
<tr>
<td><strong>Orientation of data in relation to</strong></td>
<td>- Whether the orientation of sampling achieves unbiased sampling of possible structures</td>
<td>• Samples are random they are not collected on a grid, but they are selective, being collected on the basis of visible and accessible outcrops of coal.</td>
</tr>
<tr>
<td>geological structure</td>
<td>and the extent to which this is known, considering the deposit type.</td>
<td>• No Coal Resources have been reported.</td>
</tr>
<tr>
<td></td>
<td>- If the relationship between the drilling orientation and the orientation of key</td>
<td>• Compositing was not standard. For historic trench data, detailed logging of the coal seams often resulted in arbitrary decisions being made about potentially mineable seams (as an example, how thick a rock parting could be included in a mineable seam).</td>
</tr>
<tr>
<td></td>
<td>mineralised structures is considered to have introduced a sampling bias, this should</td>
<td></td>
</tr>
<tr>
<td></td>
<td>be assessed and reported if material.</td>
<td></td>
</tr>
<tr>
<td><strong>Sample security</strong></td>
<td>- The measures taken to ensure sample security.</td>
<td>• Sampling has been random, occurring only where coal exposures have been observed. The trenching completed to date indicates the potential of mineable coal seam thickness, while the sampling and coal quality testing to date is restricted to near surface coal and likely not completely representative.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• With respect to sample orientation, the structure of the project area is complex and the trenching to date is very limited. More work is required to understand the structural geology of the project area.</td>
</tr>
<tr>
<td><strong>Audits or reviews</strong></td>
<td>- The results of any audits or reviews of sampling techniques and data.</td>
<td>• Security applied to historic samples is unknown. However the remote nature of the project area and fact that in these areas the geologists are transporting the samples prior to samples being shipped suggests a low to moderate level of sample security.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The 2017 sample was stored and transported by the geologists collecting the samples.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• There have been no audits or reviews of the sampling techniques of data.</td>
</tr>
</tbody>
</table>
### Criteria

<table>
<thead>
<tr>
<th>JORC Code explanation</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mineral tenement and land tenure status</strong></td>
<td>• Mineral tenement status detailed in Sections 2.5. of the IGR report.</td>
</tr>
<tr>
<td>• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</td>
<td>• AMC has relied on the tenement report prepared by Farris et al 8 May 2018.</td>
</tr>
<tr>
<td>• The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</td>
<td></td>
</tr>
<tr>
<td><strong>Exploration done by other parties</strong></td>
<td>• Exploration by other parties is described in Section 2.7 of the IGR report.</td>
</tr>
<tr>
<td>• Acknowledgment and appraisal of exploration by other parties.</td>
<td></td>
</tr>
<tr>
<td><strong>Geology</strong></td>
<td>• The 3G Coal project area is located in the Groundhog-Klappan Coalfield. Two main assemblages are contained within – the Groundhog-Gunanoot and Skelhorne.</td>
</tr>
<tr>
<td>• Deposit type, geological setting and style of mineralisation.</td>
<td>• Coal is present in the Groundhog-Gunanoot as well as the Skelhorne assemblages.</td>
</tr>
<tr>
<td>• There is regional and local scale faulting and folding making coal seam correlation and continuity uncertain.</td>
<td>• There is regional and local scale faulting and folding making coal seam correlation and continuity uncertain.</td>
</tr>
<tr>
<td>• The rank of the coal is semi-anthracite to meta-anthracite.</td>
<td>• The rank of the coal is semi-anthracite to meta-anthracite.</td>
</tr>
<tr>
<td><strong>Drillhole Information</strong></td>
<td>• Trench data only is being reported. See attached table of trench locations and analysis results in Appendix B.</td>
</tr>
<tr>
<td>• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes:</td>
<td>• No data has been excluded.</td>
</tr>
<tr>
<td>o easting and northing of the drillhole collar</td>
<td></td>
</tr>
<tr>
<td>o elevation or RL (Reduced Level – elevation above sea level in metres) of the drillhole collar</td>
<td></td>
</tr>
<tr>
<td>o dip and azimuth of the hole</td>
<td></td>
</tr>
<tr>
<td>o down hole length and interception depth</td>
<td></td>
</tr>
<tr>
<td>o hole length.</td>
<td></td>
</tr>
<tr>
<td>• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</td>
<td></td>
</tr>
<tr>
<td><strong>Data aggregation methods</strong></td>
<td>• Some of the old trenching excluded samples with ash content greater than 45%. These samples were considered non-coal.</td>
</tr>
<tr>
<td>• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</td>
<td>• The sample collected in 2017 showed 48.6% ash (adb).</td>
</tr>
<tr>
<td><strong>Criteria</strong></td>
<td><strong>JORC Code explanation</strong></td>
</tr>
<tr>
<td>-------------</td>
<td>--------------------------</td>
</tr>
</tbody>
</table>
| **Relationship between mineralisation widths and intercept lengths** | • These relationships are particularly important in the reporting of Exploration Results.  
• If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported.  
• If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. ‘down hole length, true width not known’). | • In historic trenching, a coal exposure was often not included in the database because it was too thin, an arbitrary 1m seam thickness was commonly selected. Detailed logging of the coal seams often resulted in arbitrary decisions being made about potentially mineable seams. Because of the detail available it is possible review the previously recorded thicknesses.  
• No metal equivalents are reported for the coal quality. |
| **Diagrams** | • Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drillhole collar locations and appropriate sectional views. | • While geological mapping to date is very limited, local dip, dip direction and thickness of coal seams have been recorded.  
• The project area is known to be geologically complex and proposed drillholes will be oriented to obtain the best geological information.  
• There has been no drilling on the property. |
| **Balanced reporting** | • Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. | • All trench results are attached as Appendix B. |
| **Other substantive exploration data** | • Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. | • Trench sampling is discussed in the attached report. The Competent Person understands there has been no bulk samples for process test work, geotechnical samples collected or hydrogeological studies.  
• The sample collected in 2017 was for coal quality testing only, the results are included. |
| **Further work** | • The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).  
• Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. | • A drilling programme is proposed for the southern portion of the Project area – a total of 35 drillholes.  
• Geological mapping and trenching is proposed for the northern portion of the Project area. |
## Appendix B
### Historic Trench results

<table>
<thead>
<tr>
<th>Data Source</th>
<th>Trench ID</th>
<th>Sample Number</th>
<th>Northing</th>
<th>Easting</th>
<th>Total Thickness (m)</th>
<th>Ply Thickness (m)</th>
<th>Moisture (arb)</th>
<th>Ash (%)</th>
<th>Volatile Matter (%)</th>
<th>Fixed Carbon (%)</th>
<th>S (%)</th>
<th>Calorific Value (kcal/kg)</th>
<th>RMAX</th>
<th>Rank, by Reflectance</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSC, 1992</td>
<td>89014</td>
<td></td>
<td>6288350</td>
<td>556113</td>
<td>4.9</td>
<td></td>
<td>UNK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.35</td>
<td>Anthracite</td>
</tr>
<tr>
<td>GSC, 1992</td>
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<td>179680</td>
<td>6291000</td>
<td>550100</td>
<td>1.4</td>
<td>1.3</td>
<td>13.8</td>
<td>13.3</td>
<td>12.5</td>
<td>60.4</td>
<td>0.42</td>
<td>9867</td>
<td>3.7</td>
<td>Anthracite</td>
</tr>
<tr>
<td>GSC, 1992</td>
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<td>179679</td>
<td>6301450</td>
<td>565200</td>
<td>*</td>
<td>0.5</td>
<td>17.3</td>
<td>41.1</td>
<td>11.1</td>
<td>30.5</td>
<td>0.24</td>
<td>5008</td>
<td>5.38</td>
<td>Meta-anthracite</td>
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<td>179677</td>
<td>6314150</td>
<td>556250</td>
<td>#</td>
<td>2</td>
<td>27.6</td>
<td>36.3</td>
<td>13.2</td>
<td>22.9</td>
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<td>179675</td>
<td>6314400</td>
<td>556150</td>
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<td>2.7</td>
<td>25.5</td>
<td>39.8</td>
<td>14.3</td>
<td>20.4</td>
<td>0.17</td>
<td>3455</td>
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<td>6317600</td>
<td>562350</td>
<td>4.5</td>
<td>1.25</td>
<td>27.8</td>
<td>33.6</td>
<td>15.1</td>
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<td>Anthracite</td>
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<td>34.3</td>
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<td>5449</td>
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<td>4.95</td>
<td>Meta-anthracite</td>
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<td>8.3</td>
<td>18.8</td>
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<td>10.9</td>
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<td>5.02</td>
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<td>6318500</td>
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<td></td>
<td></td>
<td>1.17</td>
<td></td>
</tr>
<tr>
<td>GSC, 1992</td>
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<td>179663</td>
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<td>0.67</td>
<td>25.9</td>
<td>38.6</td>
<td>11.8</td>
<td>23.7</td>
<td>0.15</td>
<td>3703</td>
<td></td>
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<td>4.86</td>
<td>Anthracite</td>
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<td>Sample Number</td>
<td>Northing</td>
<td>Easting</td>
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<td>Ply Thickness (m)</td>
<td>Moisture (arb)</td>
<td>Ash (%)</td>
<td>Volatile Matter (%)</td>
<td>Fixed Carbon (%)</td>
<td>S (%)</td>
<td>Calorific Value (kcal/kg)</td>
<td>RMAX</td>
<td>Rank, by Reflectance</td>
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<tr>
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<td>-----------</td>
<td>----------------</td>
<td>----------</td>
<td>---------</td>
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</table>

Notes:  
* Floor not found. 
# Roof and floor not identified. 
UNK - unknown 
arb - as received basis 
RMAX - vitrinite reflectance
9. INVESTIGATING ACCOUNTANT’S REPORT
24 September 2018

The Directors
3G Coal Limited
Unit 1, 44 Denis Street
Subiaco WA 6008

Dear Directors

INVESTIGATING ACCOUNTANT’S REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd (‘BDO’) has been engaged by 3G Coal Limited (‘3G’ or ‘the Company’) to prepare this Investigating Accountant’s Report (‘Report’) in relation to certain financial information of 3G, for the Initial Public Offering of shares in 3G, for inclusion in the Prospectus. Broadly, the Prospectus will offer up to 30 million Shares at an issue price of $0.20 each to raise up to $6 million before costs (‘the Offer’). The Offer is subject to a minimum subscription level of 22.5 million shares to raise $4.5 million before costs.

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd (‘BDO’) holds an Australian Financial Services Licence (AFS Licence Number 316158).

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

2. Scope

You have requested BDO to perform a review engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.
You have requested BDO to review the following audited historical financial information (together the ‘Historical Financial Information’) of 3G included in the Prospectus:

- the audited historical Statements of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2015, 30 June 2016, 30 June 2017 and 30 June 2018; and

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company’s adopted accounting policies. The Historical Financial Information has been extracted from the financial report of 3G for the years ended 30 June 2015, 30 June 2016, 30 June 2017 and 30 June 2018, which was audited by BDO Audit (WA) Pty Ltd in accordance with the Australian Auditing Standards. BDO Audit (WA) Pty Ltd issued an unmodified audit opinion on the financial report. BDO Audit, without modifying their audit report noted an emphasis of matter in relation to going concern.

**Pro Forma Historical Financial Information**

You have requested BDO to review the following pro forma historical financial information (the ‘Pro Forma Historical Financial Information’) of 3G included in the Prospectus:

- the pro forma historical Statement of Financial Position as at 30 June 2018.

The Pro Forma Historical Financial Information has been derived from the historical financial information of 3G, after adjusting for the effects of the subsequent events described in Section 6 of this Report and the pro forma adjustments described in Section 7 of this Report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 7 of this Report, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the company’s actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by 3G to illustrate the impact of the events or transactions described in Section 6 and Section 7 of the Report on 3G’s financial position as at 30 June 2018. As part of this process, information about 3G’s financial position has been extracted by 3G from 3G’s audited financial statements for the period ended 30 June 2018.

### 3. Directors’ responsibility

The directors of 3G are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

### 4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements Involving Corporate Fundraisings and/or Prospective Financial Information.
Our review procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

5. Conclusion

Historical Financial Information

Based on our review engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, and comprising:

- the Statement of Profit or Loss and Other Comprehensive Income of 3G for the years ended 30 June 2015, 30 June 2016, 30 June 2017 and 30 June 2018; and
- the Statement of Financial Position of 3G as at 30 June 2018,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial Information

Based on our review engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report, and comprising:

- the pro forma historical Statement of Financial Position of 3G as at 30 June 2018,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

6. Subsequent Events

The pro-forma statement of financial position reflects the following events that have occurred subsequent to the period ended 30 June 2018:

- The issue of a loan note with a face value of $120,000, with a premium of 10% to the face value payable. For each $1 invested under the loan note 5 options with an exercise price of 25 cents per share and a life of 3 years will be issued.

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no other material transaction or event outside of the ordinary business of 3G not described above, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

7. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro forma historical Statement of Financial Position is shown in Appendix 2. This has been prepared based on the audited financial statements as at 30 June 2018, the subsequent events set
out in Section 6, and the following transactions and events relating to the issue of Shares under this Prospectus:

- The issue of 22.5 million Shares at an offer price of $0.20 each to raise $4.5 million before costs pursuant to the Prospectus, based on the minimum subscription;
- Costs of the Offer and listing expenses are estimated to be $622,412 which are to be offset against the contributed equity and expensed respectively;
- The issue of 30 million Shares at an offer price of $0.20 each to raise $6 million before costs pursuant to the Prospectus, based on the maximum subscription;
- Costs of the Offer and listing expenses are estimated to be $714,617 which are to be offset against the contributed equity and expensed respectively; and
- The issue of 2 million Broker Options, 3 million Broker Shares.

8. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed IPO other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received. BDO is the auditor of 3G and from time to time, BDO also provides 3G with certain other professional services for which normal professional fees are received.

9. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd

Adam Myers
Director
APPENDIX 1

3G COAL LIMITED

HISTORICAL CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<table>
<thead>
<tr>
<th></th>
<th>Audited for the year ended 30-Jun-18</th>
<th>Audited for the year ended 30-Jun-17</th>
<th>Audited for the year ended 30-Jun-16</th>
<th>11-Nov-14 to 30-Jun-15</th>
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<tr>
<td>Interest income</td>
<td>$2,495</td>
<td>$370</td>
<td>$118</td>
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<tr>
<td>Expenses</td>
<td></td>
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<tr>
<td>Administration expenses</td>
<td>$(77,198)</td>
<td>$(14,378)</td>
<td>$(29,586)</td>
<td>$(324)</td>
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<tr>
<td>Bad debt - Intercompany loan</td>
<td>-</td>
<td>$(10,359)</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Consultants</td>
<td>$(74,245)</td>
<td>$(87,983)</td>
<td>$(6,554)</td>
<td>$(9,933)</td>
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<tr>
<td>Directors fees</td>
<td>$(88,490)</td>
<td>$(6,000)</td>
<td>$(4,000)</td>
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<tr>
<td>Employee salaries and superannuation</td>
<td>$(39,065)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Employee recruitment cost</td>
<td>$(60,787)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Share based payment expense - Directors</td>
<td>$(286,098)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Share based payment expense - Employees</td>
<td>$(10,245)</td>
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<td>Share based payment expense - Consultants</td>
<td>$(20,500)</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Doubtful debts</td>
<td>$(17,257)</td>
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<td>Exploration costs</td>
<td>$(96,171)</td>
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<td>-</td>
<td>$(1,555)</td>
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<tr>
<td>Foreign exchange loss</td>
<td>$27,687</td>
<td>$(7,988)</td>
<td>$(10,271)</td>
<td>$(1,067)</td>
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<tr>
<td>Gain on disposal of subsidiary</td>
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<td>10,605</td>
<td>-</td>
<td>-</td>
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<td>Impairment expense</td>
<td>-</td>
<td>$(59,996)</td>
<td>-</td>
<td>$(6,348)</td>
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<td>Insurance (expense)/refund</td>
<td>$(28,593)</td>
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<td>Legal fees</td>
<td>$(72,662)</td>
<td>$(182,948)</td>
<td>$(575,061)</td>
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<td>Travel expenses</td>
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<td>$(48,191)</td>
<td>$(32,298)</td>
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<td>Public relations and marketing</td>
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<td>$(6,170)</td>
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<td>Loss before income tax expense</td>
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<td>$(663,822)</td>
<td>$(21,327)</td>
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<td>Income tax benefit/(expense)</td>
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<td>-</td>
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<tr>
<td>Net Loss for the period</td>
<td>$(917,820)</td>
<td>$(10,259)</td>
<td>$(663,822)</td>
<td>$(21,327)</td>
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Other comprehensive income

<table>
<thead>
<tr>
<th>Items that may be reclassified subsequently to profit or loss:</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Effect of deconsolidating subsidiary</td>
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<tr>
<td>Effect of foreign exchange</td>
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<tr>
<td>Other comprehensive income / (loss) for the year, net of tax</td>
<td>$(3,330) $(229) $(100) $(95)</td>
</tr>
</tbody>
</table>

Total comprehensive loss for the year | $(921,150) $(10,488) $(663,722) $(21,422) |

This historical consolidated statement of profit or loss and other comprehensive income shows the historical financial performance of the Company and is to be read in conjunction with the notes to and forming part of the audited historical financial information set out in Appendix 3 and the prior year financial information set out in Appendix 4. Past performance is not a guide to future performance.
APPENDIX 2
3G COAL LIMITED
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th>Notes</th>
<th>Audited as at</th>
<th>Subsequent events</th>
<th>Pro-forma adjustments minimum</th>
<th>Pro-forma adjustments maximum</th>
<th>Pro-forma after issue minimum</th>
<th>Pro-forma after issue maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>CURRENT ASSETS</td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td>Cash and cash equivalents</td>
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<td>5,285,383</td>
<td>4,010,058</td>
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<tr>
<td>Trade and other receivables</td>
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<td>10,869</td>
<td>-</td>
<td>-</td>
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<tr>
<td>TOTAL CURRENT ASSETS</td>
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<td>120,000</td>
<td>3,877,588</td>
<td>5,285,383</td>
<td>4,020,927</td>
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<tr>
<td>NON CURRENT ASSETS</td>
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<tr>
<td>Exploration expenditure</td>
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<td>-</td>
<td>1,044,482</td>
<td>1,044,482</td>
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<tr>
<td>TOTAL NON CURRENT ASSETS</td>
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<td>1,044,482</td>
<td>-</td>
<td>1,044,482</td>
<td>1,044,482</td>
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<tr>
<td>TOTAL ASSETS</td>
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<td>1,067,821</td>
<td>120,000</td>
<td>3,877,588</td>
<td>5,285,383</td>
<td>5,065,409</td>
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<tr>
<td>CURRENT LIABILITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and payables</td>
<td>6</td>
<td>229,628</td>
<td>132,000</td>
<td>-</td>
<td>361,628</td>
<td>361,628</td>
</tr>
<tr>
<td>Provisions</td>
<td></td>
<td>2,564</td>
<td>-</td>
<td>-</td>
<td>2,564</td>
<td>2,564</td>
</tr>
<tr>
<td>Borrowings - related parties</td>
<td></td>
<td>286,893</td>
<td>-</td>
<td>286,893</td>
<td>286,893</td>
<td>286,893</td>
</tr>
<tr>
<td>TOTAL CURRENT LIABILITIES</td>
<td></td>
<td>519,085</td>
<td>132,000</td>
<td>-</td>
<td>651,085</td>
<td>651,085</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td></td>
<td>519,085</td>
<td>132,000</td>
<td>-</td>
<td>651,085</td>
<td>651,085</td>
</tr>
<tr>
<td>NET ASSETS/(LIABILITIES)</td>
<td></td>
<td>548,736</td>
<td>(12,000)</td>
<td>3,877,588</td>
<td>5,285,383</td>
<td>4,414,324</td>
</tr>
<tr>
<td>EQUITY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributed equity</td>
<td>3</td>
<td>1,848,595</td>
<td>-</td>
<td>3,820,372</td>
<td>5,219,233</td>
<td>5,668,967</td>
</tr>
<tr>
<td>Reserves</td>
<td></td>
<td>313,369</td>
<td>67,129</td>
<td>323,000</td>
<td>323,000</td>
<td>703,498</td>
</tr>
<tr>
<td>Accumulated losses</td>
<td>5</td>
<td>(1,613,228)</td>
<td>(79,129)</td>
<td>(265,784)</td>
<td>(256,850)</td>
<td>(1,958,140)</td>
</tr>
<tr>
<td>TOTAL EQUITY</td>
<td></td>
<td>548,736</td>
<td>(12,000)</td>
<td>3,877,588</td>
<td>5,285,383</td>
<td>4,414,324</td>
</tr>
</tbody>
</table>

The pro-forma statement of financial position after the Offer is as per the statement of financial position before the Offer adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The statement of financial position is to be read in conjunction with the notes to and forming part of the historical audited financial information set out in Appendix 3 and the prior year financial information set out in Appendix 4.
1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the historical financial information included in this Report have been set out below.

This financial report is a special purpose financial report prepared for use by the directors and members of the Company. The financial report has been prepared in accordance with the Corporations Act 2001. The directors have determined that the Company is not a reporting entity. 3G Coal Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared in accordance with the recognition and measurement requirements specified by all Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards:
- AASB 101: Presentation of Financial Statements
- AASB 107: Cash Flow Statements
- AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 1048: Interpretations and Application of Standards
- AASB 1054: Australian Additional Disclosures

Compliance with the recognition and measurement requirements of Australian Accounting Standards results in compliance with recognition and movement requirements of International Financial Reporting Standards (“IFRS”).

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Functional and presentation currency

The functional currency of the companies in the group are measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Australian dollars, which is the entity’s functional currency.
Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2018 the consolidated entity has incurred a net loss of $921,150 and experienced net cash outflows from operating activities of $625,569, net outflows from investing activities of $329,342. As at 30 June 2018 the cash balance is $12,470.

The Directors have reviewed the cash flow requirements in the next 12 months and recognise that the ability of the Group to continue as a going concern is dependent on securing additional funding through equity to continue to fund its exploration activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe there are sufficient funds to meet the Group's working capital requirements as at the date of this report.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- During the year ended 30 June 2018 the Company raised a total of $792,066 before costs;
- The Group has a history of successfully raising capital;
- The Company has raised $120,000 in loan funds subsequent to the end of the year;
- The Company is finalising a Prospectus to be lodged with ASIC and ASX to raise $4.5m before costs;
- The fact that future exploration and evaluation expenditures are generally discretionary in nature and may be slowed or suspended as part of the management of the Group's working capital and other forecast commitments.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the company not continue as a going concern.

New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.
Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of 3G Coal Limited ('company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the half-year then ended. 3G Coal Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the
fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Current and non-current classification Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

**Exploration and evaluation assets**

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective
interest method. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2016
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2018. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial period are discussed below.

Exploration and evaluation costs
Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised if they are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.
## NOTE 2. CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th>Date</th>
<th>Audited</th>
<th>Pro-forma after Offer</th>
<th>Pro-forma after Offer</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-Jun-18</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>12,470</td>
<td>4,010,058</td>
<td>5,417,853</td>
</tr>
</tbody>
</table>

**Adjustments to arise at the pro-forma balance:**

- **Audited balance of 3G Coal at 30 June 2018**: 12,470

**Subsequent events:**

- **Issue of loan note**: 120,000

**Pro-forma adjustments:**

- **Proceeds from shares issued under this Prospectus**: 4,500,000
- **Capital raising costs and listing expenses**: (622,412)

**Pro-forma Balance**: 3,877,588

<table>
<thead>
<tr>
<th>Date</th>
<th>Audited</th>
<th>Pro-forma after Offer</th>
<th>Pro-forma after Offer</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-Jun-18</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>4,010,058</td>
<td>5,417,853</td>
<td></td>
</tr>
</tbody>
</table>

## NOTE 3. CONTRIBUTED EQUITY

<table>
<thead>
<tr>
<th>Date</th>
<th>Audited</th>
<th>Pro-forma after Offer</th>
<th>Pro-forma after Offer</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-Jun-18</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>1,848,595</td>
<td>5,668,967</td>
<td>7,067,828</td>
</tr>
</tbody>
</table>

**Contributed equity**

- **Number of shares**: 26,940,000
- **Number of shares**: 1,848,595

**On issue at 30 June 2018**: 26,940,000

**Adjustments to arise at the pro-forma balance:**

**Pro-forma adjustments:**

- **Proceeds from shares issued under this Prospectus**: 22,500,000
- **Capital raising costs - Issue of shares to KS Capital**: 3,000,000
- **Capital raising costs - option issues**: -
- **Capital raising costs - cash expenses**: (-254,000)

**Pro-forma Balance**: 52,440,000

<table>
<thead>
<tr>
<th>Date</th>
<th>Audited</th>
<th>Pro-forma after Offer</th>
<th>Pro-forma after Offer</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-Jun-18</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>52,440,000</td>
<td>59,940,000</td>
<td>5,668,967</td>
</tr>
</tbody>
</table>
The Class I Performance Rights have been valued using a Trinomial Barrier model and vest upon IPO, 50% of the expense had been recognised pre 30 June 2018.

The key inputs to the Options are as follows

Underlying Share price $0.20
Exercise price $0.25
Volatility 95%
Risk free rate 2.63%

The life of the loan note options are 3 years and 4 years for the broker options. The value is 11.19 cents and 12.75 per option respectively.

<table>
<thead>
<tr>
<th>NOTE 4. RESERVES</th>
<th>Audited</th>
<th>Pro-forma</th>
<th>Pro-forma</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Reserves</td>
<td>313,369</td>
<td>703,498</td>
<td>703,498</td>
</tr>
</tbody>
</table>

Adjustments to arise at the pro-forma balance:
Audited balance of 3G Coal at 30 June 2018 313,369 313,369

Subsequent events:
Issue of 600,000 options in conjunction with the loan note 67,129 67,129

Pro-forma adjustments:
Vesting of 1,380,000 Class I Performance Rights 69,000 69,000
Issues of 2 million broker options 254,000 254,000

Pro-forma Balance 703,498 703,498
## NOTE 5. ACCUMULATED LOSSES

<table>
<thead>
<tr>
<th></th>
<th>Audited</th>
<th>Pro-forma after Offer</th>
<th>Pro-forma after Offer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30-Jun-18</td>
<td>minimum</td>
<td>maximum</td>
</tr>
<tr>
<td>Accumulated Losses</td>
<td>(1,613,228)</td>
<td>(1,958,140)</td>
<td>(1,949,207)</td>
</tr>
</tbody>
</table>

### Adjustments to arise at the pro-forma balance:

- Audited balance of 3G Coal at 30 June 2018: (1,613,228) (1,613,228)

### Subsequent events:

- Interest one loan note (10% premium to face value): (12,000) (12,000)
- Finance expense (options relating to the loan note): (67,129) (67,129)

### Pro-forma adjustments:

- Vesting of 1,380,000 Class I Performance Rights: (69,000) (69,000)
- Listing expenses: (196,784) (187,850)

### Pro-forma Balance

(1,958,140) (1,949,207)

## NOTE 6. TRADE AND OTHER PAYABLES

<table>
<thead>
<tr>
<th></th>
<th>Audited</th>
<th>Pro-forma after Offer</th>
<th>Pro-forma after Offer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30-Jun-18</td>
<td>minimum</td>
<td>maximum</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>229,628</td>
<td>361,628</td>
<td>361,628</td>
</tr>
</tbody>
</table>

### Adjustments to arise at the pro-forma balance:

- Audited balance of 3G Coal at 30 June 2018: 229,628 229,628

### Subsequent events:

- Issue of loan note: 132,000 132,000

### Pro-forma Balance

361,628 361,628

## NOTE 7: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

## NOTE 8: COMMITMENTS AND CONTINGENCIES

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.
### Historical Consolidated Statement of Cash Flows

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments to suppliers and employees</td>
<td>(628,064)</td>
<td>(211,713)</td>
<td>(355,558)</td>
<td>(70,757)</td>
</tr>
<tr>
<td>Interest Received</td>
<td>2,495</td>
<td>370</td>
<td>118</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>(625,569)</td>
<td>(211,343)</td>
<td>(355,440)</td>
<td>(70,757)</td>
</tr>
<tr>
<td>Payments for exploration and evaluation</td>
<td>(329,342)</td>
<td>(275,551)</td>
<td>(251,365)</td>
<td>(177)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(329,342)</td>
<td>(275,551)</td>
<td>(251,365)</td>
<td>(177)</td>
</tr>
<tr>
<td>Proceeds/repayment of borrowings</td>
<td>(66)</td>
<td>129,460</td>
<td>136,066</td>
<td>21,433</td>
</tr>
<tr>
<td>Proceeds of issued capital</td>
<td>792,066</td>
<td>780,000</td>
<td>478,000</td>
<td>49,580</td>
</tr>
<tr>
<td>Capital raising costs</td>
<td>(70,971)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Refund of issued capital</td>
<td>(180,000)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>541,029</td>
<td>909,460</td>
<td>614,066</td>
<td>71,013</td>
</tr>
</tbody>
</table>

**This historical consolidated statement of cash flows shows the historical audited financial performance of the Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 3. Past performance is not a guide to future performance.**
10. SOLICITOR’S REPORT ON LICENCES
August 31, 2018

3G Coal Limited  
Unit 1, 44 Denis Street  
Subiaco WA 6008 Australia  

Dear Sirs/Mesdames:  

Re: British Columbia Coal Tenures  

We have been asked by 3G Coal Limited (ACN 602 793 153) ("3G Coal") to provide this legal opinion regarding the interest of 3G Coal’s wholly-owned subsidiary, BC Anthracite Inc. ("Anthracite") in and to the coal licences in the Cassiar mining division in the Province of British Columbia, Canada listed in Schedule "A" hereto (the "Licences").  

We have also been asked to provide herein an overview of the regulatory regime applicable to the development of coal resources in British Columbia.  

A. Scope of Examination  

In providing the opinion below, we have reviewed the following:  

1. coal tenure data ("Online Reports") generated on August 1, 2018 through a search of Mineral Titles Online, the coal tenure database maintained by the British Columbia Ministry of Energy, Mines and Petroleum Resources (the "Ministry");  

2. copies of coal licences issued and retained on file by the Ministry;  

3. copies of coal licence applications retained on file by the Ministry; and  

4. copies of the coal tenure master reports, dated August 1, 2018, in respect of the Licenses ("the "Master Reports") retained on file by the Ministry,  

(collectively, the "Tenure Reports").  

B. Opinion  

Based solely on the Tenure Reports, and subject to the Assumptions and Qualifications (as that term is defined below), it is our opinion that:  

1. Anthracite is recorded in the Online Reports as the 100% holder of the Licenses, in good standing as of August 1, 2018.
2. Anthracite is recorded in the Master Reports as the 100% holder of the Licenses, in good standing as of August 1, 2018.

C. Assumptions and Qualifications

The opinion expressed above is subject to the following assumptions and qualifications ("Assumptions and Qualifications"):

1. We are solicitors qualified to express opinions only with respect to the laws of the Province of British Columbia and the federal laws of Canada applicable in British Columbia. We express no opinion on the laws of any jurisdiction other than the Province of British Columbia and the federal laws of Canada applicable in British Columbia.

2. The Tenure Reports are the only documents we examined relating to the title to the Licences.

3. We have not opined on any coal tenures held by Anthracite outside of British Columbia or any coal tenures that are within British Columbia but are not specifically included in Schedule “A” attached hereto and have excluded any such coal tenures from this opinion.

4. The information set out in the Tenure Reports may have been superseded by transactions, recordings or claims made subsequent to the time such reports were generated. As at May 8, 2018, no such transactions, recordings or claims have occurred.

5. The contents of the Online Reports and the location of the Licences as recorded are not guaranteed by the Province of British Columbia to be complete and accurate. For greater certainty, the titles to coal licences and coal licence applications in the Online Reports are not the equivalent of a torrens title system.

6. No examination was made of the ground to determine if any of the Licences had been staked or assessment work carried out in accordance with the provisions of the 
   Coal Act\(^1\) and, accordingly, we assume compliance with the 
   Coal Act as to the staking and assessment work.

7. Title to the Licences may be subject to unrecorded instruments or claims. There is no requirement under the 
   Coal Act that encumbrances be recorded by the Chief Gold Commissioner of British Columbia. The 
   Coal Act does not contain any provisions granting priority to the recorded holder of a mineral claim over unrecorded instruments or claims. Accordingly, status as a recorded holder of the Licences does not ensure that the Licences are free from adverse claims or other interests.

8. We have assumed that all facts set forth in official public records and other documents supplied by the Ministry or otherwise conveyed to us are complete and accurate, and where such records or other documents are dated as of a date other than the date hereof, we have assumed the content thereof remains accurate as of today’s date.

9. We have assumed that the persons who purported to execute documents examined in the course of our examinations of the Tenure Reports were the persons named therein and the persons who purported to execute such documents on behalf of corporations or other bodies were duly authorized to do so.

\(^1\) Coal Act (British Columbia) [SBC 2004] ch.15
10. We have assumed that copies of documents we examined were, in fact, true copies of documents in existence and that the originals of such documents were properly executed;

11. We have not conducted any searches or investigations, and express no opinion, with respect to:

(a) corporate capacity and standing of Anthracite, including Anthracite’s ability to hold title to the Licences;

(b) litigation in respect of the Licences;

(c) taxes assessed by or payable to government authorities;

(d) statutory liens or charges to which the Licences may be subject, including without limitation liens under the Employment Standards Act, the Workers Compensation Act, or the Income Tax Act (Canada);

(e) whether any of the Licences are subject, or potentially subject, to a claim or claims made by First Nations groups, and the effect of any such claims;

(f) any rights of expropriation, restrictive covenants, rights of reverter or obligations imposed by legislation which may defeat ownership with respect to the Licenses;

(g) the possible effect on the Licences of trap lines, environmentally sensitive areas, unique animal species, parks proposals, protected areas, species at risk, federal legislation, coal land reserves or land resource management plans or any other environmental issues or potential thereof; or

(h) the possible effect of buildings or other factors on the surface lands that may prevent, inhibit or otherwise effect the ability to mine or otherwise utilize the Licenses.

12. We express no opinion as to the title to any surface lands with respect to the Licenses.

D. Discussion of the Coal Regulatory Regime in British Columbia

The following is a general overview of the coal regulatory regime in British Columbia, Canada. The following should be used for reference only and legal advice should be obtained before engaging in any activities related to exploration and development of the Licenses. The discussion must be read in conjunction with and is qualified by all applicable legislation and other requirements.

Unless otherwise stated, all acts and regulations below are acts of the Province of British Columbia as in force as of the date of this opinion.

Introduction – Coal in British Columbia

Coal and the right to mine is generally not included in fee simple grants of land today, although this has not always been the case. Coal and the right to mine is granted through a tenure registration system governed by the Coal Act. Pursuant to the Coal Act, all public and private land in British Columbia is

2 Employment Standards Act (British Columbia) [RSBC 1996] ch.113
3 Workers Compensation Act (British Columbia) [RSBC 1996] ch. 492
4 Income Tax Act (Canada) (R.S.C., 1985, c.1 (5th Supp.))
available to mine, regardless of whether the land is subject to a designation or objective, except where mining is specifically not permitted. Examples of land where mining is specifically not permitted is land occupied by a building, certain heritage property, orchard land, land under cultivation, land designated under the Coal Act, and land protected under certain statutes.

There are two types of claims granted under the Coal Act, coal licences and coal leases. Each type of claim grants the holder with the exclusive right to explore for and develop coal in the area it applies to. The coal licence is the initial stage of coal tenure, and is appropriate for exploration. The difference between a coal license and a coal lease is that a coal licence allows the holder, with the approval of the chief inspector under the Mines Act (British Columbia)\(^5\), to only mine and remove quantities of coal for testing, whereas a coal lease allows the holder (subject to certain qualifications) to produce coal. A coal lease is therefore the appropriate tenure to hold when a mineable resource has been proven and the project is ready to switch from exploration to production of coal. The tenure holder must first have held a coal license over the same location before applying for a coal lease. It should be noted that the Licences discussed in the above opinion are all coal licences, not coal leases, under the Coal Act.

**Coal Licences under the Coal Act**

A coal license is obtained upon application to the Minister pursuant to the Coal Act. The Minister has discretion to issue a coal licence, and any application for a coal licence must include the appropriate fees, rents, location information and other information. A coal licence may be issued on any terms or conditions as the Minister requires.

A coal licence is valid for one year, but may be renewed for subsequent one-year-terms subject to the payment of the required fee, submission of certain information concerning the exploration, development and production of coal at the location, and compliance with the terms of the coal licence and the Coal Act. There is no maximum number of renewal terms for a coal licence, however, a coal licence entitles the holder to only remove the amount of coal the licensee may reasonably require for testing, up to a maximum of 100,000 tonnes.

**Rights under a Coal Licence**

A licensee entitles the holder, amongst other things:

1. The exclusive rights:
   
   (a) to explore for and develop coal on the licence location, and
   
   (b) with the approval of the chief inspector appointed under the Mines Act, to mine and remove those quantities of coal the licensee may reasonably require for testing, to a maximum of 100,000 tonnes.

2. To explore for and develop only the coal that is inside the boundaries, continued vertically downward, of the licence location.

3. To enter, occupy and use the surface area of the location for the purpose of exploring for and developing coal on the location.

\(^5\) Mines Act (British Columbia) [RSBC 1996] ch. 293
4. Subject to entering into an agreement in the form of a free use permit under the Forest Act\(^6\) or a licence to cut under the Forest Act, to use and remove timber that, at the time the holder of the licence enters into the agreement, is on the location.

5. To the non-exclusive right to use sand, gravel and rock from the location for use on the location for a construction purpose approved under the Mines Act, without the necessity of obtaining under the Land Act\(^7\) a licence, lease, permit or other authorization.

**Coal Leases under the Coal Act**

A coal lease under the Coal Act is required to bring a mining operation into production. A coal lease must conform to the boundaries of licence locations, and must be granted by the Minister provided that the appropriate application fees, information and other items are submitted to the Minister. Rent under a coal lease is payable to the government in advance of the year which it is payable.

Provided that the coal lease remains compliant with all terms it is subject to, a coal lease is valid for the term requested by the applicant up to a maximum of 30 years, and may be extended for terms not to exceed 15 years from the date the extension is issued.

**Rights under a Coal Lease**

The holder of a coal lease has the exclusive right (subject to the Coal Act and the terms of the coal lease), to explore for, develop and produce coal on the lease location. A coal lease does not grant any right, title or interest in the surface area of the lease location.

If the surface area of a lease location is owned by the government of British Columbia and is used or occupied by the lessee, the lessee is entitled:

(a) to enter, occupy and use the surface area of the location to produce coal,

(b) subject to entering into an agreement in the form of a free use permit under the Forest Act or a licence to cut under that Act, to use and remove timber that, at the time the holder of the coal lease enters into the agreement, is on the location, and

(c) to the non-exclusive right to use sand, gravel and rock from the location for use on the location for a construction purpose approved under the Mines Act, without the necessity of obtaining under the Land Act a licence, lease, permit or other authorization.

**Compliance**

If a holder of a coal licence or coal lease fails to comply with: (a) the Coal Act, (b) the terms of the particular coal licence or coal lease, (c) the Mines Act, or (d) any permit issued under the Mines Act, the Minister may notify said holder of the default and:

(a) suspend operations until the default is remedied;

(b) refuse to renew the licence or lease; and

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\(^6\) *Forest Act* (British Columbia) [RSBC 1996] ch. 157

\(^7\) *Land Act* (British Columbia) [RSBC 1996] ch. 245
(c) if not remedied during a period of suspension ordered under paragraph (a), cancel the licence or lease.

Surface Rights Considerations

Generally speaking, holding a coal licence or coal lease under the Coal Act grants the holder reasonable surface access to the claim, and the ability to mine the claims subject to the items listed above. For private lands, prescribed notice must be given and reasonable compensation must be paid to the surface rights holder for loss or damage caused by entering, occupying or using the surface area. This compensation can either be determined by private negotiation or by a specially-designed surface rights board. The right to access private lands may also be subject to certain conditions, such as restriction to certain access points, time of access etc. For public lands, the holder of a coal licence or coal lease is usually able to access the land in accordance with the Coal Act or the terms of the coal licence or coal lease, subject to the certain areas specifically excluded from use.

Environmental Considerations

The granting of a coal licence or coal lease under the Coal Act does not alleviate the need to obtain approval under the Environmental Assessment Act\(^8\) or similar legislation. The factors that will be considered both in the type of environmental approval and whether such approval will be granted include size of the mine, proposed mining style, and location of the mine. This process can take years to complete and there is no guarantee that a proposed mine operation will receive the required environmental permits to operate.

Interests of First Nations in British Columbia

Natural resource and environmental issues are subject to special considerations in Canada relating to the interest of First Nations groups. These considerations arise as a result of specific constitutional protections afforded to the rights of Canada’s aboriginal peoples. In addition, these considerations arise because the sovereignty that First Nations groups exercised prior to the arrival of Europeans in Canada has never been reconciled with assertions of sovereignty by the Canadian government. Unlike other Canadian provinces, British Columbia did not have aboriginal title extinguished through historical or modern treaties, except in small select areas of the Province. As a result, First Nations groups continue to hold aboriginal interests.

On June 26, 2014, the Supreme Court of Canada issued a landmark decision, Tsilhqot’in Nation v. British Columbia\(^9\) declaring that the Tsilhqot’in First Nation held valid aboriginal title over a large area of central British Columbia that was sparsely populated. Having established title by the Tsilhqot’in First Nation, the Supreme Court of Canada held that governments and other third-parties seeking to use the land must obtain the consent of the Tsilhqot’in First Nation prior to proceeding with development. The Supreme Court of Canada found that if such consent cannot be obtained, the governments and other third-parties seeking to use the land must prove that the use of land can be justified based on the broader public good.

The Tsilhqot’in decision confirmed that British Columbia legislation of general application (such as the Coal Act, and other regulation of resource development) continues to apply to land held under Aboriginal title unless such legislation is: (i) unreasonable, (ii) imposes a hardship, or (iii) denies the title holders their preferred means of exercising their rights and such restrictions cannot be justified.

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\(^8\) Environmental Assessment Act (British Columbia) [SBC 2002] ch. 43

\(^9\) Tsilhqot’in Nation v. British Columbia, 2014 2 SCR 257
From a practical perspective, the impact of the Tsilhqot’in decision is that parties involved in resource development in areas of British Columbia where claims are unsettled will be required to undergo a more extensive consultation and accommodation process with First Nations groups and such process will be monitored by both the provincial and federal governments. It will be important to conduct a process of transparency and sharing of information among First Nations groups, governments and proponents in order to properly may be more pressured to reach agreement early on with respect to resource projects that may infringe on Aboriginal title.

All of the foregoing commentary regarding the exploration and development of coal resources in British Columbia must be qualified by the existence of Aboriginal interests and the legal requirements of consultation and/or accommodation.

E. Consent

In accordance with section 716(2) of the Corporations Act 2001(Cth), Farris, Vaughan, Wills & Murphy LLP consents to:

(a) being named as Canadian legal advisers solely with respect to the matters set out in this report, in the prospectus (the “Prospectus”) which was prepared by 3G Coal and which is proposed to be lodged with the Australian Securities and Investment Commission (“ASIC”) for the initial public offer of up to 30,000,000 Shares (as defined in the Prospectus) at an issue price of AUS$0.20 per Share to raise up to $6,000,000 with a minimum subscription of 22,500,000 Shares at an issue price of AUS$0.20 per Share to raise AUS$4,500,000;

(b) the inclusion of the contents of this letter in Section 10 (Solicitors Report on Licences) and the statements regarding our firm in Section 13.13 (Interests of Experts and Advisers) and in Section 13.14 (Consents) of the Prospectus; and

(c) the distribution of electronic and paper copies of the Prospectus.

Farris, Vaughan, Wills & Murphy LLP has not authorized or caused the issue of the Prospectus and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any other part of the Prospectus whatsoever.

Farris, Vaughan, Wills & Murphy LLP has not withdrawn this consent prior to lodgement of the Prospectus with ASIC.

Yours truly,

FARRIS, VAUGHAN, WILLS & MURPHY LLP
Schedule “A”

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11. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

11.1 Directors

Details on the Directors and their roles, expertise and independence are set out in Sections 3.15 and 3.16 above.

11.2 Interests of Directors

The Interests of Directors are set out in Section 3.11.

11.3 Director participation in the Offer

The Directors intend on participating in the Offer.

11.4 Agreements with Directors

Summaries of the agreements the Company has entered into with Directors are contained in Sections 12.2, 12.3, 12.4 and 12.5.

11.5 Management and Consultants

The Company is aware of the need to have sufficient management to properly supervise the exploration and (if successful) for the development of the projects in which the Company has, or will in the future have, an interest and the Board will continually monitor the management roles in the Company. As the Project requires an increased level of involvement the Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Projects.

11.6 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company’s needs.

To the extent applicable, our Company has adopted The Corporate Governance Principles and Recommendations 3rd Edition (March 2014) as published by ASX Corporate Governance Council (Recommendations).

In light of the Company’s size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company’s activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company’s main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company’s full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company’s website (www.3gcoal.com).

Board of directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors
performance against those objectives. The goals of the corporate governance processes are to:

(a) maintain and increase Shareholder value;
(b) ensure a prudential and ethical basis for the Company’s conduct and activities; and
(c) ensure compliance with the Company’s legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

(a) developing initiatives for profit and asset growth;
(b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
(c) acting on behalf of, and being accountable to, the Shareholders; and
(d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors’ participation in the Board discussions on a fully-informed basis.

Composition of the Board

The Board comprises 3 Directors. The names, qualification and relevant experience of each Director are set out in Sections 3.14 and 3.15. There is no requirement for any Director’s shareholding qualification.

As the Company’s activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to adequately govern the Company’s activities determined within the limitations imposed by the Constitution. The Board has separately constituted a Remuneration and Nomination Committee.

Identification and management of risk

The Board’s collective experience will enable accurate identification of the principal risks that may affect the Company’s business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

Independent professional advice

Subject to the Chairman’s approval (not to be unreasonably withheld), the Directors, at the Company’s expense, may obtain independent professional advice on issues arising in the course of their duties.

Remuneration arrangements

The remuneration of an Executive Director will be decided by the Board, without the affected Executive Director participating in that decision-making process.
The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors’ remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed $400,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors’ time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the managing director). The policy generally provides that the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company’s operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company’s internal financial control system and risk management systems and the external audit function.

Diversity policy

The Company has not adopted a formal diversity policy. The Company respects and values the benefit of diversity throughout the Company in order to enrich the Company’s perspective, improve corporate performance, increase Shareholder value and maximise the probability of achievement of the Company’s goals.
However, given the size and nature of the Company’s operations, the Company has not implemented a formal policy with respect to diversity.

11.7 Departures from Recommendations

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company’s compliance and departures from the Recommendations as at the date of this Prospectus are set out on the following pages.
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<th>Principle and Recommendations</th>
<th>Comply (Yes/No)</th>
<th>Explanation</th>
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<td><strong>Recommendation 1.1</strong></td>
<td>Yes</td>
<td>The Company has adopted a Board Charter. The Board Charter sets out matters including the specific roles and responsibilities of the Board and management requirements as to the Board’s composition, the roles and responsibilities of the Chairman and Company Secretary, and the establishment, operation and management of Board Committees. The Company’s Board Charter is available on the Company’s website.</td>
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<tr>
<td>a. the respective roles and responsibilities of its board and management; and</td>
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<td>b. those matters expressly reserved to the board and those delegated to management.</td>
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<td><strong>Recommendation 1.2</strong></td>
<td>Yes</td>
<td>a. The Company undertakes checks on any person who is being considered as a director. These checks may include good fame and character, experience, education and financial history and background.</td>
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<td>a. undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</td>
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<tr>
<td>b. provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</td>
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<tr>
<td><strong>Recommendation 1.3</strong></td>
<td>Yes</td>
<td>Each senior executive and executive Director has a formal employment contract and the non-executive Directors have a letter of appointment.</td>
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<td>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</td>
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<tr>
<td><strong>Recommendation 1.4</strong></td>
<td>Yes</td>
<td>The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.</td>
</tr>
<tr>
<td>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</td>
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<tr>
<td>Principle and Recommendations</td>
<td>Comply (Yes/No)</td>
<td>Explanation</td>
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</table>
| **Recommendation 1.5**  
A listed entity should:  
a. have a diversity policy which includes requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them;  
b. disclose that policy or a summary of it; and  
c. disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board in accordance with the entity’s diversity policy and its progress towards achieving them, and either:  
i. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or  
ii. if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act. | No | The Company has not adopted a formal diversity policy. The Company values the diversity of its employees and is committed to providing a work environment that allows all employees to pursue their careers free from discrimination, harassment and abuse. However, given the size and nature of the Company’s operations, the Company has not implemented a formal policy with respect to diversity. |
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<th>Principle and Recommendations</th>
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<th>Explanation</th>
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<tbody>
<tr>
<td><strong>Recommendation 1.6</strong></td>
<td>Yes</td>
<td>The performance of the Board is reviewed annually against appropriate measures in a manner that the Board deems appropriate. The review has regard to various matters including those set out in the Board Charter. The Company has adopted a Performance Evaluation Practices policy to assist the Board in evaluating the performance of directors (including the Managing Director). The Company will report on whether a performance evaluation was undertaken.</td>
</tr>
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</table>
| A listed entity should:       |                | a. The Board is responsible for evaluating the performance of senior executives. The Board will arrange an annual performance evaluation of the senior executives.  
                               |                | b. The Board is required to disclose whether or not performance evaluations were conducted during the relevant reporting period. |
| a. have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and |                |             |
| b. disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. |                |             |
| **Recommendation 1.7**       | Yes            |             |
| A listed entity should:       |                |             |
| a. have and disclose a process for periodically evaluating the performance of its senior executives; and |                |             |
| b. disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. |                |             |
### Principle and Recommendations

<table>
<thead>
<tr>
<th>Principle and Recommendations</th>
<th>Comply (Yes/No)</th>
<th>Explanation</th>
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<tbody>
<tr>
<td><strong>PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE</strong></td>
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<tr>
<td><strong>Recommendation 2.1</strong>&lt;br&gt;The board of a listed entity should:</td>
<td>Partially</td>
<td>At this stage the Board shall carry out the functions of the Nomination Committee. The Nomination Committee comprises three members of the Board. Not all of the members are considered independent as 1 of the members is an executive Director and the other member is the Managing Director. The Non-Executive Director is considered to be independent.&lt;br&gt;The Nomination Committee Charter is located on the Company’s website.&lt;br&gt;The Company will report on the meetings and attendance of the Nomination Committee.</td>
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<tr>
<td>a. have a nomination committee which:</td>
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<tr>
<td>i. has at least three members, a majority of whom are independent directors; and</td>
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<tr>
<td>ii. is chaired by an independent director; and disclose:</td>
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<tr>
<td>iii. the charter of the committee;</td>
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<td>iv. the members of the committee; and</td>
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<tr>
<td>v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</td>
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<tr>
<td>b. if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</td>
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<tr>
<td><strong>Recommendation 2.2</strong>&lt;br&gt;A listed entity should have and disclose a board skill matrix setting out the skills and diversity that the board currently has or is looking to achieve in its membership.</td>
<td>Yes</td>
<td>The Board reviews capabilities, technical skills and personal attributes of its directors. It will normally review the Board’s composition against those attributes and recommend any changes in Board composition that may be required.</td>
</tr>
<tr>
<td>Principle and Recommendations</td>
<td>Comply (Yes/No)</td>
<td>Explanation</td>
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</table>
| **Recommendation 2.3**       | Yes            | a. Disclosure of the names of Directors considered by the Board to be independent will be provided in the annual report. The Company currently has one independent Director.  
| A listed entity should disclose: |                | b. There is one independent Director at present, Stephen Thomas.  
| a. the names of the directors considered by the board to be independent directors; |                | c. The length of service of each Director will be provided in the annual report.  
| b. if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and |                |             
| c. the length of service of each director. |                |             |
| **Recommendation 2.4**       | Partially      | The Company currently has one independent Director. This is due to the size of the Company.  
| A majority of the board of a listed entity should be independent directors. |                | The Company may seek to appoint an independent Director/s in the future to address the lack of independence of its Directors.  
| **Recommendation 2.5**       | Partially      | The Chairman of the Board (Russell Moran) is not an independent Director. The Chairman is not the same person as the CEO. The Company has a Managing Director, Mr Brett Mcleod.  
<p>| The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity. |                |             |</p>
<table>
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<tr>
<th>Principle and Recommendations</th>
<th>Comply (Yes/No)</th>
<th>Explanation</th>
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</table>
| **Recommendation 2.6**  
A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively. | Yes | All new directors are provided with an induction including comprehensive meetings with the Managing Director and senior executives, and provision of information on the Company including Company and Board policies. New directors will receive an induction appropriate to their experience. All Directors are expected to maintain the skills required to effectively discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and, if this involves industry seminars and approved education courses, where appropriate, this is paid for by the Company. At this stage the Board shall carry out the functions of the Nomination Committee. The Nomination Committee oversees the induction program for new directors and considers the training and development needs of all Directors. The Committee is responsible for ensuring that resources are allocated to developing and maintaining the directors’ skills and knowledge, to ensure that the directors have and maintain the necessary skills and knowledge required to fulfil their role on the Board and its Committees effectively. |

**PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY**

| Recommendation 3.1  
A listed entity should:  
a. have a code of conduct for its directors, senior executives and employees; and  
b. disclose that code or a summary of it. | Yes |  
a. The Company’s Code of Conduct applies to the Company’s directors, senior executives and employees.  
b. The Company’s Code of Conduct is available on the Company’s website. |
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<tr>
<th>Principle and Recommendations</th>
<th>Comply (Yes/No)</th>
<th>Explanation</th>
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<tbody>
<tr>
<td><strong>PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING</strong></td>
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<td><strong>Recommendation 4.1</strong></td>
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<tr>
<td>The board of a listed entity should:</td>
<td>Partially</td>
<td>The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company’s operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. The Audit Committee’s Charter is available on the Company’s website. If an Audit Committee is established, the Company will report on the meetings and attendance of the Audit Committee.</td>
</tr>
<tr>
<td>a. have an audit committee which:</td>
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<tr>
<td>i. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</td>
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<td>ii. is chaired by an independent director, who is not the chair of the board, and disclose:</td>
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<tr>
<td>iii. the charter of the committee;</td>
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<td>iv. the relevant qualifications and experience of the members of the committee; and</td>
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<tr>
<td>v. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</td>
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<tr>
<td>b. if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</td>
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<td>Principle and Recommendations</td>
<td>Comply (Yes/No)</td>
<td>Explanation</td>
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<tr>
<td><strong>Recommendation 4.2</strong></td>
<td>Yes</td>
<td>Before the Board approves the entity’s financial statements for a financial period, the CEO or Executive Director and CFO must have declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</td>
</tr>
<tr>
<td><strong>Recommendation 4.3</strong></td>
<td>Yes</td>
<td>The Audit Committee Charter provides that the Committee must ensure the Company’s external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</td>
</tr>
<tr>
<td><strong>PRINCIPLE 5: MAKE TIMELY AND BALANCE DISCLOSURE</strong></td>
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<tr>
<td><strong>Recommendation 5.1</strong></td>
<td>Yes</td>
<td>The Company has a Continuous Disclosure Policy that outlines the processes followed by the Company to ensure compliance with its continuous disclosure obligations and the corporate governance standards applied by the Company in its market communications. The Continuous Disclosure Policy is available on the Company’s website.</td>
</tr>
<tr>
<td><strong>PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS</strong></td>
<td></td>
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<tr>
<td><strong>Recommendation 6.1</strong></td>
<td>Yes</td>
<td>Information about the Company and its governance is available in the Corporate Governance Plan and associated policies which can be found on the Company’s website.</td>
</tr>
<tr>
<td>Principle and Recommendations</td>
<td>Comply (Yes/No)</td>
<td>Explanation</td>
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</table>
| **Recommendation 6.2**  
A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors. | Yes | The Company has adopted a Shareholder Communications Policy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders.  
The Shareholder Communications Policy is available on the Company’s website. |
| **Recommendation 6.3**  
A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders. | Yes | The Shareholders Communication Policy sets out the policies and processes the Company has in place to facilitate and encourage participation at meetings of security holders. The Company permits shareholders to vote online (and by other methods) prior to an Annual General Meeting if they are unable to attend the meeting. |
| **Recommendation 6.4**  
A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. | Yes | The Shareholders Communication Policy sets out the policies and processes the Company has in place to facilitate and encourage participation at meetings of security holders including receiving communications electronically. |
<table>
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<tr>
<th>Principle and Recommendations</th>
<th>Comply (Yes/No)</th>
<th>Explanation</th>
</tr>
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<tbody>
<tr>
<td><strong>Recommendation 7.1</strong></td>
<td>Partially</td>
<td>The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company’s operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. The Audit Committee Charter is available on the Company’s website. If an Audit Committee is established, the Company will report on the meetings and attendance of the Audit Committee.</td>
</tr>
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The board of a listed entity should:

a. have a committee or committees to oversee risk, each of which:
   i. has at least three members, a majority of whom are independent directors; and
   ii. is chaired by an independent director, and disclose:
   iii. the charter of the committee;
   iv. the members of the committee; and
   v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b. if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity’s risk management framework.
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<th>Principle and Recommendations</th>
<th>Comply (Yes/No)</th>
<th>Explanation</th>
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<tbody>
<tr>
<td><strong>Recommendation 7.2</strong></td>
<td>Yes</td>
<td>The Board will, at least annually, undertake a structured consideration and review of the risk management framework and the material risks faced by, and the risk attitude of, the Company. The Company will report on whether such a review has taken place at least annually.</td>
</tr>
<tr>
<td>a. review the entity’s risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</td>
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<tr>
<td>b. disclose in relation to each reporting period, whether such a review has taken place.</td>
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<tr>
<td><strong>Recommendation 7.3</strong></td>
<td>Yes</td>
<td>The internal audit function is currently overseen by the Board pursuant to the Audit Committee Charter.</td>
</tr>
<tr>
<td>A listed entity should disclose:</td>
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<tr>
<td>a. if it has an internal audit function, how the function is structured and what role it performs; or</td>
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<tr>
<td>b. if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</td>
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<tr>
<td>Principle and Recommendations</td>
<td>Comply (Yes/No)</td>
<td>Explanation</td>
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<tr>
<td><strong>Recommendation 7.4</strong></td>
<td>Yes</td>
<td>A Risk Management and Internal Compliance Control Policy has been adopted to assist management to determine whether the Company has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. The Company’s Corporate Governance Plan requires the Company to disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. The Company will disclose this information in its annual report and on its ASX website as part of its continuous disclosure obligations. The Company is of the view that its operations do not create a material exposure to economic, environmental and social sustainability risks.</td>
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</table>
### PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

**Recommendation 8.1**
The board of a listed entity should:

a. have a remuneration committee which:
   
i. has at least three members, a majority of whom are independent directors; and
   
ii. is chaired by an independent director, and disclose:
   
   iii. the charter of the committee;
   
   iv. the members of the committee; and
   
   v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b. if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

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<tr>
<th>Principle and Recommendations</th>
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<th>Explanation</th>
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<tr>
<td><strong>Recommendation 8.1</strong></td>
<td>Partially</td>
<td>At this stage, the Board will carry out the principle functions of the Remuneration Committee. The Remuneration Committee comprises three members. Not all of the members are considered independent as 1 of the members is an executive Director and the other member is the Managing Director. The Non-Executive Director is considered to be independent. The Remuneration Committee Charter is available on the Company’s website. The Remuneration Committee will report on the number of times that the Committee met throughout the period, and the individual attendances of the members at those Committee meetings.</td>
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<tr>
<td>Principle and Recommendations</td>
<td>Comply (Yes/No)</td>
<td>Explanation</td>
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<tr>
<td><strong>Recommendation 8.2</strong></td>
<td>Yes</td>
<td>The Company provides disclosure of all Directors and executives remuneration in its annual report. Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Incentive options may be issued. There are no documented agreements providing for termination or retirement benefits to non-executive directors. Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Performance incentives may include performance bonus payments, shares and/or options granted at the discretion of the Board and subject to obtaining the relevant approvals.</td>
</tr>
<tr>
<td><strong>Recommendation 8.3</strong></td>
<td>Yes</td>
<td>The Company has a Performance Rights Plan in place, the material terms of which have been disclosed in the Prospectus.</td>
</tr>
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</table>

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

A listed entity which has an equity-based remuneration scheme should:

a. have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
b. disclose that policy or a summary of it.
12. MATERIAL CONTRACTS

12.1 Lead Manager Mandate

On 14 September 2018, 3G Coal Limited entered into a mandate with K S Capital Pty Ltd (Lead Manager Mandate). Pursuant to the Lead Manager Mandate, K S Capital will act as corporate adviser and Lead Manager to the Offer and provide the Company with assistance in undertaking the Offer.

Pursuant to the Mandate, the following fees are payable to K S Capital:

(a) An upfront cash retainer fee of $20,000 for corporate advisory services in connection with the Offer (Upfront Retainer Fee).

(b) Upon the Company reaching the Minimum Subscription amount of $4,500,000 and receiving conditional approval to list on ASX, the Company has agreed to issue to K S Capital (or its nominee) or pay to K S Capital (or its nominees):

(i) 2% of the gross proceeds on capital raised under the Proposed Transaction;

(ii) 4% of the gross proceeds on capital raised by K S Capital under the Proposed Transaction;

(iii) 3,000,000 Shares (issued at a deemed price of $0.0001 per Share), subject to 24 months’ escrow;

(iv) 2,000,000 Lead Manager Options with an exercise price of $0.25 per Option and an expiry date of four (4) years from the date of quotation of the Company’s Shares. The Lead Manager Options will be subject to 24 months’ escrow. The full terms and conditions of the Lead Manager Options are set out in Section 13.3; and

(v) $75,000 cash success fee, less the amount previously paid pursuant to the Upfront Retainer Fee.

(c) Out-of-Pocket Expenses – 3G Coal will reimburse K S Capital for all reasonable expenses incurred in connection with the engagement including, without limitation, reasonable fees and disbursements of legal counsel, roadshow expenses, marketing and communication, printing, couriers, postage, distribution, accommodation and travel costs (including economy class air travel within Australia and business class travel for international travel exceeding six (6) hours). K S Capital must seek the written approval of the Company prior to incurring any individual expenses above $1,000 or aggregate expenses above $5,000.

The Lead Manager Mandate may be terminated with cause at any time by the Company or K S Capital by written notice without liability or continuing obligation, other than certain clauses which survive termination or expiration of the Lead Manager Mandate.

12.2 Non-Executive Chairman Letter of Appointment with Mr Russell Moran

On 1 April 2018, the Company and Mr Russell Moran entered into a letter of appointment whereby Mr Moran has been appointed as Non-Executive Chairman of the Company on the following terms (as varied by Deed of Variation dated 20 August 2018):
(a) **Term:** Mr Moran’s service commenced on 1 May 2018 and will cease when he resigns, retires or is removed from office in accordance with the Company’s constitution or the Corporations Act.

(b) **Remuneration:** Mr Moran is entitled to a base fee of $36,000 per annum. Any fees paid to Mr Moran will in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required). The Company will reimburse Mr Moran for all reasonable expenses incurred in performing his duties.

Mr Moran will be paid A$1,200 per day (plus GST) for additional services provided to the Company beyond those as the non-executive chairman of the Company.

(c) **Performance Rights:** In addition to the remuneration to be paid, the Company has issued to Mr Moran (or his nominee) the following Performance Rights, which upon successful achievement of the performance hurdle, will convert into Shares (on a one for one basis) (Performance Rights):

(i) **Class 1:** 90,000 Performance Rights will be issued to the Director/Consultant/Employee (or their nominees) and will convert into Shares upon the Company receiving conditional approval to be admitted to the Official List of the ASX via an IPO (or alternate listing transaction) including all matters of re-compliance with the ASX Listing Rules (Class 1 Performance Rights);

(ii) **Class 2:** 82,000 Performance Rights will be issued to the Director/Consultant/Employee (or their nominees) and will convert into Shares upon the Company achieving an Indicated Resource, reported in accordance with the JORC Code (2012) of at least 100Mt of semi-anthracite to anthracite, technical grade metallurgical coal at any of its current or future projects within 3 years from the date the Company is admitted to the Official List of ASX (Class 2 Performance Rights);

(iii) **Class 3:** 82,000 Performance Rights will be issued to the Director/Consultant/Employee (or their nominees) and will convert into Shares upon the achievement of a 20-day VWAP Share price >AUD$0.40 (to be calculated over 20 consecutive trading days on which the Company’s securities have actually traded) within 3 years from the date of the Company being admitted to the Official List of ASX (Class 3 Performance Rights);

(iv) **Class 4:** 82,000 Performance Rights will be issued to the Director/Consultant/Employee (or their nominees) and will convert into Shares upon the achievement of a 20-day VWAP share price >AUD$0.60 (to be calculated over 20 consecutive trading days on which the Company’s securities have actually traded) within 3 years from the date of the Company being admitted to the Official List of ASX (Class 4 Performance Rights);

(v) **Class 5:** 82,000 Performance Rights will be issued to the Director/Consultant/Employee (or their nominees) and will convert into Shares upon the Company achieving delivery of a positive NPV as determined by the Pre-Feasibility Study on any of its current or future projects within the next 5 years from the date of the
Company being admitted to the Official List of ASX (Class 5 Performance Rights); and

(vi) **Class 6:** 82,000 Performance Rights will be issued to the Director/Consultant/Employee (or their nominees) and will convert into Shares upon completion of either (i) the execution of the first material (>1.5Mtpa) binding offtake agreement, (ii) the completion of a major project financing (>A$20 million) or (iii) the completion of a major farm-out (>A$50 million) for any of the Company’s current or future projects within the next 5 years from the date of the Company being admitted to the Official List of ASX (Class 6 Performance Rights).

### 12.3 Executive Director (part-time) Letter of Appointment with Mr Gino D’Anna

On 1 April 2018, the Company and Mr Gino D’Anna entered into a letter of appointment whereby Mr D’Anna has been appointed as an Executive Director of the Company on the following terms (as varied by Deed of Variation dated 20 August 2018):

(a) **Term:** Mr D’Anna’s service commenced on 1 May 2018 and will cease when he resigns, retires or is removed from office in accordance with the Company’s constitution or the Corporations Act.

(b) **Remuneration:** Mr D’Anna is entitled to a base fee of $36,000 per annum. Any fees paid to Mr D’Anna will in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required). The Company will reimburse Mr D’Anna for all reasonable expenses incurred in performing his duties.

Mr D’Anna will be paid A$1,200 per day (plus GST) for additional services provided to the Company for a guaranteed minimum of seven (7) business days per month.

(c) **Performance Rights:** In addition to the remuneration to be paid, the Company has issued to Mr D’Anna (or his nominee) the following Performance Rights, which upon successful achievement of the performance hurdle, will convert into Shares (on a one for one basis) (Performance Rights):

(i) 90,000 Class 1 Performance Rights;
(ii) 82,000 Class 2 Performance Rights;
(iii) 82,000 Class 3 Performance Rights;
(iv) 82,000 Class 4 Performance Rights;
(v) 82,000 Class 5 Performance Rights; and
(vi) 82,000 Class 6 Performance Rights.

### 12.4 Non-Executive Director Letter of Appointment with Mr Stephen Thomas

On 16 July 2018, the Company and Mr Stephen Thomas entered into a letter of appointment whereby Mr Thomas has been appointed as Non-Executive Director of the Company on the following terms (as varied by Deed of variation dated 20 August 2018):
(a) **Term:** Mr Thomas’s service commenced on 1 July 2018 and will cease when he resigns, retires or is removed from office in accordance with the Company’s constitution or the Corporations Act.

(b) **Remuneration:** Mr Thomas is entitled to a base fee of $36,000 per annum. Any fees paid to Mr Thomas will in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required). The Company will reimburse Mr Thomas for all reasonable expenses incurred in performing his duties.

Mr Thomas will be paid A$1,200 per day (plus GST) for additional services provided to the Company beyond those as the non-executive director of the Company.

(c) **Performance Rights:** In addition to the remuneration to be paid, the Company has issued to Mr Thomas (or his nominee) the following Performance Rights, which upon successful achievement of the performance hurdle, will convert into Shares (on a one for one basis) **(Performance Rights):**

(i) 45,000 Class 1 Performance Rights;
(ii) 41,000 Class 2 Performance Rights;
(iii) 41,000 Class 3 Performance Rights;
(iv) 41,000 Class 4 Performance Rights;
(v) 41,000 Class 5 Performance Rights; and
(vi) 41,000 Class 6 Performance Rights.

12.5 Consulting Agreement with Mcleod Solutions Pty Ltd as trustee for the McLeod Family Trust and Brett Mcleod

On 15 January 2018, the Company entered into a Consulting Agreement with Mcleod Solutions Pty Ltd as trustee for the McLeod Family Trust (Mcleod Solutions) and Brett Mcleod with respect to Mr McLeod’s engagement as the Managing Director of the Company. A summary of this agreement (as amended by Deed of Variation dated 20 August 2018) is set out below.

(a) **Term:** The appointment commenced on 15 January 2018, for a minimum term of three years from the date the Company is listed on ASX and is ongoing thereafter subject to mutual written agreement by the Company and Mcleod Solutions and the termination provisions.

(b) **Remuneration:** from 1 January 2018 to the date the Company is listed on ASX, Mcleod Solutions will be paid a consulting fee of $22,000 (exclusive of GST) per month. From the date the Company is listed on ASX, Mcleod Solutions will be paid a consulting fee of $25,000 per month (plus GST) with respect to the provision of executive services on the basis of working 20 days per calendar month. No further fees are payable for additional services.

The Company will reimburse Mcleod Solutions for all reasonable travelling, accommodation and general expenses incurred in the performance of duties in connection with the business of the Company.
(c) **Sign-on Options:** Mcleod Solutions will be issued 1,000,000 Sign-on Options. Each Option will be unquoted and is exercisable at $0.25 on or before that date which is 3 years from the date of the Company being admitted to the Official List.

(d) **Performance Rights:** In addition to the remuneration to be paid, the Company has issued to Mr Mcleod (or his nominee) the following Performance Rights, which upon successful achievement of the performance hurdle, will convert into Shares (on a one for one basis) (Performance Rights):

(i) 1,000,000 Class 1 Performance Rights;
(ii) 600,000 Class 2 Performance Rights;
(iii) 600,000 Class 3 Performance Rights;
(iv) 600,000 Class 4 Performance Rights;
(v) 600,000 Class 5 Performance Rights; and
(vi) 600,000 Class 6 Performance Rights.

(e) **Termination:** Mcleod Solutions may terminate the Consulting Agreement at any time and for any reason by giving six months’ written notice to the Company. The Company may terminate the Consulting Agreement, for any reason by giving six months’ written notice to Mcleod Solutions or payment in lieu of notice.

12.6 **Company Secretarial Service Agreement with Mr Paul Fromson**

On 16 July 2018, the Company and Mr Paul Fromson entered into a consultancy agreement whereby Mr Fromson has been appointed as the Company Secretary of the Company on the following terms:

(a) **Term:** Mr Fromson’s service commenced on 1 May 2018 and will cease when he resigns, retires or is removed from office in accordance with the Company’s constitution or the Corporations Act.

(b) **Remuneration:** Mr Fromson is entitled to a base fee of $12,000 per annum. Any fees paid to Mr Fromson will in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required). The Company will reimburse Mr Fromson for all reasonable expenses incurred in performing his duties.

12.7 **Deeds of indemnity, insurance and access**

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances.

12.8 **Deed of Settlement – Royalty Agreement**

On 10 July 2016 the Company, BC Anthracite Inc, Atrum Coal NL (now, Atrum Coal Limited) (Atrum Coal) and a number of other interested parties executed a deed of
settlement in relation to NSD 1334/2015 in the Federal Court of Australia and CIV 1866 of 2015 in the Supreme Court of Western Australia (together, the Proceedings) (Deed of Settlement).

The parties agreed to settle the Proceedings on the terms set out in the Deed of Settlement which includes the following royalty requirements:

(a) The Company has agreed to grant to Atrum Coal:

   (i) a revenue royalty equal to 1.5% of the ex-mine gate price received for all coal products produced and subsequently sold from the “Royalty Tenements” (which includes 25 of the Licences) (Royalty); and

   (ii) a revenue royalty equal to 0.5% of the ex-mine gate price received for all coal products produced and subsequently sold from the “Eastern Tenements” (which includes the remaining 6 Licences) (Minor Royalty).

(b) The Company will retain a first and last right of refusal to buy-back the Royalty and the Minor Royalty from Atrum Coal in the event Atrum Coal decides to sell the Royalty to a third party.

12.9 NWR Communications – Investor Relations Agreement

On 27 May 2018, 3G Coal Limited entered into an investor relations agreement with NWR Communications Pty Ltd (NWR) (Investor Relations Agreement). Pursuant to the Investor Relations Agreement, NWR will provide marketing and investor relations services to the Company on a month-by-month basis commencing 1 June 2018. In accordance with the Investor Relations Agreement, NWR will receive the following:

(a) monthly retainer of $4,000 plus GST;

(b) 500,000 Consultant Options having the terms set out in Section 13.6 of this Prospectus;

(c) the Company will reimburse NWR for any approved travel costs and out-of-pocket expenses incurred outside of Melbourne; and

(d) NWR will seek prior approval from the Company for any additional expenses incurred for services outsourced to external parties.

The Investor Relations Agreement may be terminated by providing one month’s written notice to NWR.

12.10 Loan Agreements

The Company has entered into loan agreements with various related and unrelated parties to raise a total of $120,000 to be used for payment of the listing fees associated with the Company’s application to be admitted to the ASX, as well as general working capital requirements (Approved Purpose). The Company has entered into loan agreements with Directors Gino D’Anna (for an amount of $10,000 and Russell Moran (for an amount of $10,000).

A summary of the loan agreement terms are set out below:

(a) Loan: Each lender has agreed to make available to the Company the loan for the Approved Purpose.
(b) **Repayment**: The loan and any other outstanding monies is to be repaid to each lender on the earlier of, 5 business days of official quotation of the Shares on ASX and 90 calendar days of the execution of the loan agreement (Repayment Date).

(c) **Options**: As a fee for providing the loan, the Company will issue each lender with Loan Participant Options (on the basis of five (5) Loan Participant Options for each $1 contributed) upon receipt of a conditional letter of admission to the official list of ASX.

(d) **Restriction Agreements**: Each lender has agreed to execute a restriction agreement in relation to the Loan Participant Options if and to the extent required by ASX in accordance with the ASX Listing Rules.

(e) **Coupon Premium**: As a fee for providing the loan, the Company will pay each lender a coupon premium of 10% of their loan with such coupon premium being paid to the Lender on the Repayment Date.

The loan agreements otherwise contain standard terms usual for this type of agreement.
13. ADDITIONAL INFORMATION

13.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against our Company.

13.2 Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company’s registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

(i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

(iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder’s name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited)
is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special
resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

13.3 **Rights Attaching to Lead Manager Options**

Each Lead Manager Option entitles the holder to subscribe for one (1) Share upon the exercise of the Lead Manager Option.

(a) **Exercise price**

The exercise price of each Lead Manager Option is $0.25.

(b) **Expiry date**

Each Lead Manager Option will expire at 5:00 pm (WST) on the date which is four (4) years from the date of Quotation (Expiry Date). A Lead Manager Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Exercise period**

The Lead Manager Options are exercisable at any time on or prior to the Expiry Date.

(d) **Notice of exercise**

The Lead Manager Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Lead Manager Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(e) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (Exercise Date).

(f) **Shares issued on exercise**

Shares issued on exercise of the Lead Manager Options will rank equally with the Shares of the Company.
(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

(i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Lead Manager Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Lead Manager Options.

If a notice delivered under paragraph (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

Shares issued on exercise of the Lead Manager Options rank equally with the then issued shares of the Company.

(h) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Lead Manager Options.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder of a Lead Manager Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Lead Manager Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Lead Manager Options without exercising the Lead Manager Options.
(k) **Change in exercise price**
A Lead Manager Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Lead Manager Option can be exercised.

(l) **Unquoted**
The Company will not apply for quotation of the Lead Manager Options on ASX.

(m) **Transferability**
The Lead Manager Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

### 13.4 Rights Attaching to Founder Options

Each Founder Option entitles the holder to subscribe for one (1) Share upon the exercise of the Founder Option.

(a) **Exercise price**
The exercise price of each Founder Option is $0.25.

(b) **Expiry date**
Each Founder Option will expire at 5:00 pm (WST) on the date which is four (4) years from the date of Quotation (**Expiry Date**). A Founder Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Exercise period**
The Founder Options are exercisable at any time on or prior to the Expiry Date.

(d) **Notice of exercise**
The Founder Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Founder Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(e) **Exercise Date**
A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Founder Option being exercised in cleared funds (**Exercise Date**).

(f) **Shares issued on exercise**
Shares issued on exercise of the Founder Options will rank equally with the Shares of the Company.
(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

(i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Founder Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Founder Options.

If a notice delivered under paragraph (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

Shares issued on exercise of the Founder Options rank equally with the then issued shares of the Company.

(h) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Founder Options.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder of an Founder Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Founder Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Founder Options without exercising the Founder Options.
(k) **Change in exercise price**

An Founder Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Broker Founder Option can be exercised.

(l) **Unquoted**

The Company will not apply for quotation of the Founder Options on ASX.

(m) **Transferability**

The Founder Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

13.5 **Rights Attaching to Managing Director Sign-on Options**

Each Managing Director Sign-on Option entitles the holder to subscribe for one (1) Share upon the exercise of the Managing Director Sign-on Option.

(a) **Exercise price**

The exercise price of each Managing Director Sign-on Option is $0.25.

(b) **Expiry date**

Each Managing Director Sign-on Option will expire at 5:00 pm (WST) on the date which is three (3) years from the date of Quotation (Expiry Date). A Managing Director Sign-on Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Exercise period**

The Managing Director Sign-on Options are exercisable at any time on or prior to the Expiry Date.

(d) **Notice of exercise**

The Managing Director Sign-on Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Managing Director Sign-on Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(e) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Managing Director Sign-on Option being exercised in cleared funds (Exercise Date).

(f) **Shares issued on exercise**

Shares issued on exercise of the Managing Director Sign-on Options will rank equally with the Shares of the Company.
(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

(i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Managing Director Sign-on Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Managing Director Sign-on Options.

If a notice delivered under paragraph (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

Shares issued on exercise of the Managing Director Sign-on Options rank equally with the then issued shares of the Company.

(h) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Managing Director Sign-on Options.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder of a Managing Director Sign-on Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Managing Director Sign-on Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Managing Director Sign-on Options without exercising the Managing Director Sign-on Options.

(k) **Change in exercise price**

A Managing Director Sign-on Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Managing Director Sign-on Option can be exercised.
(l) **Unquoted**

The Company will not apply for quotation of the Managing Director Sign-on Options on ASX.

(m) **Transferability**

The Managing Director Sign-on Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

### 13.6 Rights Attaching to Consultant Options

Each Consultant Option entitles the holder to subscribe for one (1) Share upon the exercise of the Consultant Option.

(a) **Exercise price**

The exercise price of each Consultant Option is $0.25.

(b) **Expiry date**

Each Consultant Option will expire at 5:00 pm (WST) on the date which is three (3) years from the date of grant of the Consultant Options (**Expiry Date**). A Consultant Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Exercise period**

The Consultant Options are exercisable at any time on or prior to the Expiry Date.

(d) **Notice of exercise**

The Consultant Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Consultant Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(e) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Consultant Option being exercised in cleared funds (**Exercise Date**).

(f) **Shares issued on exercise**

Shares issued on exercise of the Consultant Options will rank equally with the Shares of the Company.

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

(i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Consultant Options specified
in the Notice of Exercise and for which cleared funds have been received by the Company;

(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Consultant Options.

If a notice delivered under paragraph (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

Shares issued on exercise of the Consultant Options rank equally with the then issued shares of the Company.

(h) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Consultant Options.

(i) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of a holder of a Consultant Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) Participation in new issues

There are no participation rights or entitlements inherent in the Consultant Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Consultant Options without exercising the Consultant Options.

(k) Change in exercise price

A Consultant Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Consultant Option can be exercised.

(l) Unquoted

The Company will not apply for quotation of the Consultant Options on ASX.
(m) **Transferability**

The Consultant Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

13.7 **Rights Attaching to Seed Participant Options**

Each Seed Participant Option entitles the holder to subscribe for one (1) Share upon the exercise of the Seed Participant Option.

(a) **Exercise price**

The exercise price of each Seed Participant Option is $0.25.

(b) **Expiry date**

Each Seed Participant Option will expire at 5:00 pm (WST) on the date which is three (3) years from the date of grant of the Seed Participant Options (Expiry Date). A Seed Participant Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Exercise period**

The Seed Participant Options are exercisable at any time on or prior to the Expiry Date.

(d) **Notice of exercise**

The Seed Participant Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Seed Participant Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(e) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Seed Participant Option being exercised in cleared funds (Exercise Date).

(f) **Shares issued on exercise**

Shares issued on exercise of the Seed Participant Options will rank equally with the Shares of the Company.

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

(i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Seed Participant Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such
a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Seed Participant Options.

If a notice delivered under paragraph (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

Shares issued on exercise of the Seed Participant Options rank equally with the then issued shares of the Company.

(h) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Seed Participant Options.

(i) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of a holder of a Seed Participant Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) Participation in new issues

There are no participation rights or entitlements inherent in the Seed Participant Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Seed Participant Options without exercising the Seed Participant Options.

(k) Change in exercise price

A Seed Participant Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Seed Participant Option can be exercised.

(l) Unquoted

The Company will not apply for quotation of the Seed Participant Options on ASX.
(m) **Transferability**

The Seed Participant Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

**13.8 Loyalty Options Terms and Conditions**

(a) **Entitlement**

Each Loyalty Option entitles the holder to subscribe for one Share upon exercise of the Loyalty Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Loyalty Option will be $0.25 (**Exercise Price**).

(c) **Expiry Date**

Each Loyalty Option will expire 3 years from the date of issue (**Expiry Date**). A Loyalty Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Loyalty Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Loyalty Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Loyalty Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Loyalty Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Loyalty Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the **Exercise Date**, the Company will:

(i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy
section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the Loyalty Options rank equally with the then issued shares of the Company.

(i) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Loyalty Options.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of a Loyalty Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Loyalty Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Loyalty Options without exercising the Loyalty Options.

(l) Change in exercise price

A Loyalty Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Loyalty Option can be exercised.

(m) Quoted

The Company will apply for quotation of the Loyalty Options on ASX.

(n) Transferability

The Loyalty Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.
13.9 **Terms and Conditions of Performance Rights**

(a) **(Milestones):** The Performance Rights will have the following milestones attached to them:

(i) **Class 1 Performance Rights:** Performance Rights will be issued to the Director/Consultant/Employee (or their nominees) and will convert into Shares upon the Company receiving conditional approval to be admitted to the Official List of the ASX via an IPO (or alternate listing transaction) including all matters of re-compliance with the ASX Listing Rules;

(ii) **Class 2 Performance Rights:** Performance Rights will be issued to the Director/Consultant/Employee (or their nominees) and will convert into Shares upon the Company achieving an Indicated Resource, in accordance with the JORC Code (2012), of at least 100Mt of semi-anthracite to anthracite, technical grade metallurgical coal at any of its current or future projects within 3 years from the date the Company is admitted to the Official List of ASX;

(iii) **Class 3 Performance Rights:** Performance Rights will be issued to the Director/Consultant/Employee (or their nominees) and will convert into Shares upon the achievement of a 20-day VWAP (to be calculated over 20 consecutive trading days on which the Company’s securities have actually traded) Share price >AUD$0.40 within 3 years from the date of the Company being admitted to the Official List of ASX;

(iv) **Class 4 Performance Rights:** Performance Rights will be issued to the Director/Consultant/Employee (or their nominees) and will convert into Shares upon the achievement of a 20-day VWAP (to be calculated over 20 consecutive trading days on which the Company’s securities have actually traded) Share price >AUD$0.60 within 3 years from the date of the Company being admitted to the Official List of ASX;

(v) **Class 5 Performance Rights:** Performance Rights will be issued to the Director/Consultant/Employee (or their nominees) and will convert into Shares upon the Company achieving delivery of a positive NPV as determined by the Pre-Feasibility Study on any of its current or future projects within the next 5 years from the date of the Company being admitted to the Official List of ASX; and

(vi) **Class 6 Performance Rights:** Performance Rights will be issued to the Director/Consultant/Employee (or their nominees) and will convert into Shares upon completion of either (i) the execution of the first material (>1.5Mtpa) binding offtake agreement, (ii) the completion of a major project financing (>A$20 million) or (iii) the completion of a major farm-out (>A$50 million) for any of the Company’s current or future projects within the next 5 years from the date of the Company being admitted to the Official List of ASX, (each a Milestone).

(b) **(Notification to holder):** The Company shall notify the holder in writing when the Milestone has been satisfied.
(c) **(Conversion):** Subject to paragraph (m), upon vesting, each Performance Right will, at the election of the holder, convert into one Share.

(d) **(Share ranking):** All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.

(e) **(Application to ASX)** The Performance Rights will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.

(f) **(Transfer of Performance Rights):** The Performance Rights are not transferable.

(g) **(Lapse of a Performance Right):** If the Milestone attached to the relevant Performance Right has not been satisfied within the time period set out in paragraph (a), the relevant Performance Right will automatically lapse.

(h) **(Participation in new issues)** A Performance Right does not entitle a holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(i) **(Reorganisation of capital)** If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.

(j) **(Adjustment for bonus issue)** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares or other securities which must be issued on the conversion of a Performance Right will be increased by the number of Shares or other securities which the holder would have received if the holder had converted the Performance Right before the record date for the bonus issue.

(k) **(Dividend and Voting Rights):** The Performance Rights do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.

(l) **(Change in Control):** Subject to paragraph (m), upon:

(i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:

(A) having received acceptances for not less than 50.1% of the Company’s Shares on issue; and

(B) having been declared unconditional by the bidder; or

(ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent Performance Rights have not converted into Shares due to satisfaction of the Milestone, Performance Rights will accelerate vesting conditions and will automatically convert into Shares on a one-for-one basis.
(m) **Deferral of conversion if resulting in a prohibited acquisition of Shares**: If the conversion of a Performance Right under paragraph (c) or (l) would result in any person being in contravention of section 606(1) of the Corporations Act 2001 (Cth) **(General Prohibition)** then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:

(i) holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition;

(ii) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (m)(i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.

(n) **No rights to return of capital** A Performance Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(o) **Rights on winding up** A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(p) **No other rights** A Performance Right gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(q) **Subdivision 83AC-C**: Subdivision 83A-C of the Income Tax Assessment Act 1997 applies to the Performance Right.

(r) **Ceasing to be engaged by the Company**: If a holder’s services agreement with the Company is terminated, the holder will continue to have legal ownership of all Performance Rights that remain unvested from the date of termination until the date which is 6 months from the date of termination. On the date which is 6 months from the date of termination, any Performance Rights that remain unvested will be forfeited by the holder and cancelled by the Company. For the avoidance of doubt, if any Performance Rights vest during the 6-month period, those Performance Rights will be converted into fully paid ordinary shares on a one-for-one basis.

### 13.10 Key Terms of the Performance Rights Plan

The key terms of the Performance Rights Plan (**Plan**) are summarised below:

(a) The Board of the Company will administer the Plan in accordance with the Plan Rules and the Board has a broad discretion to determine which employees are eligible to participate in the Plan (**Eligible Participants**).
(b) Under the Plan the Board may grant Performance Rights to Eligible Participants with effect from the date determined by the Board, upon the terms set out in the Plan and upon such additional terms and vesting conditions as the Board determines.

(c) The Board will advise each Eligible Participant of the following minimum information regarding the Performance Rights:

(i) the number of Performance Rights being offered (each entitling its holder to one Share upon vesting of that Performance Right);

(ii) any applicable vesting conditions;

(iii) the period or periods during which any vested Performance Rights may be exercised;

(iv) the dates and times when the Performance Rights lapse;

(v) any amount that will be payable upon vesting of a Performance Right; and

(vi) any other relevant conditions to be attached to the Performance Rights or the Shares.

(d) A Performance Right granted under the Plan will not vest unless the vesting conditions (if any) have been satisfied and the Board has notified the Eligible Participant.

(e) A vested Performance Right may only be exercised by a Participant once the Board has notified the Eligible Participant that the vesting conditions attached to the Performance Right have been satisfied.

(f) A Performance Right will lapse upon the earlier to occur of:

(i) failure to meet the Performance Right’s vesting conditions;

(ii) the date specified by the Board;

(iii) where the Participant purports to transfer a Performance Right other than in accordance with the terms of the Plan;

(iv) where, in the opinion of the Board, an Eligible Participant’s Performance Rights vest as a result of the fraud, dishonesty, or breach of obligations of another person and, in the opinion of the Board, the Performance Rights would not otherwise have vested; or

(v) the 7-year anniversary of the date of grant of the Performance Rights.

(g) **Subdivision 83AC-C**: Subdivision 83A-C of the Income Tax Assessment Act 1997 applies to the Performance Rights.

(h) **Adjustment for bonus issue**: If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares or other securities which must be issued on the conversion of a Performance Right will be increased by the number of Shares or other securities which the holder would have received if the holder had converted the Performance Right before the record date for the bonus issue.
(i) The Board may, in its absolute discretion, determine that all or a specified number of unvested Performance Rights vest where:

   (i) **(Death)**: The Participant dies;

   (ii) **(Employment ceases)**: The Participant ceases to be engaged by the Company or any of its subsidiaries (as applicable);

   (iii) **(Takeover)**: a Takeover Bid for the Company’s issued Shares is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company’s issued Shares;

   (iv) **(Compromise or Arrangement)**: a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or

   (v) **(Winding Up)**: the Company passes a resolution for voluntary winding up or an order is made for the compulsory winding up of the Company.

### 13.11 Rights Attaching to Loan Participant Options

Each Loan Participant Option entitles the holder to subscribe for one (1) Share upon the exercise of the Loan Participant Option.

(a) **Exercise price**

   The exercise price of each Loan Participant Option is $0.25.

(b) **Expiry date**

   Each Loan Participant Option will expire at 5:00 pm (WST) on the date which is three (3) years from the date of grant of the Loan Participant Options (**Expiry Date**). A Loan Participant Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Exercise period**

   The Loan Participant Options are exercisable at any time on or prior to the Expiry Date.

(d) **Notice of exercise**

   The Loan Participant Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Loan Participant Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(e) **Exercise Date**

   A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Seed Participant Option being exercised in cleared funds (**Exercise Date**).
(f) **Shares issued on exercise**

Shares issued on exercise of the Loan Participant Options will rank equally with the Shares of the Company.

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

(i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Loan Participant Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Loan Participant Options.

If a notice delivered under paragraph (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

Shares issued on exercise of the Loan Participant Options rank equally with the then issued shares of the Company.

(h) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Loan Participant Options.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder of a Loan Participant Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Loan Participant Options and holders will not be entitled to participate in new
issues of capital offered to Shareholders during the currency of the Loan Participant Options without exercising the Loan Participant Options.

(k) **Change in exercise price**

A Loan Participant Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Loan Participant Option can be exercised.

(l) **Unquoted**

The Company will not apply for quotation of the Loan Participant Options on ASX.

(m) **Transferability**

The Loan Participant Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

13.12 **Interests of Directors**

Other than as set out in this Prospectus, no Director or proposed director of the Company holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with:
   
   (i) its formation or promotion; or
   
   (ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director of the Company:

(d) as an inducement to become, or to qualify as, a Director; or

(e) for services provided in connection with:

(f) the formation or promotion of the Company; or

(g) the Offer.
13.13 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

(a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or

(b) promoter of the Company,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(c) the formation or promotion of the Company;

(d) any property acquired or proposed to be acquired by the Company in connection with:
   (i) its formation or promotion; or
   (ii) the Offer; or

(e) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

(f) the formation or promotion of the Company; or

(g) the Offer.

AMC Consultants Pty Ltd has acted as Independent Geologist and has prepared the Independent Geologist’s Report which is included in Section 8. The Company estimates it will pay AMC Consultants Pty Ltd a total of $65,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, AMC Consultants Pty Ltd has not received fees from the Company for any other services.

BDO Corporate Finance (WA) Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant’s Report which is included in Section 9. The Company estimates it will pay BDO Corporate Finance (WA) Pty Ltd a total of $20,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, BDO Corporate Finance (WA) Pty Ltd has not received fees from the Company for any other services.

BDO Audit & Assurance (WA) Pty Ltd has acted as Auditor of the Company and the Company estimates it will pay BDO Audit & Assurance (WA) Pty Ltd a total of $35,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, BDO Audit & Assurance (WA) Pty Ltd has not received fees from the Company for any other services.

Farris, Vaughan, Wills & Murphy LLP. has prepared the Solicitor’s Report on Licences which is included in Section 10. The Company estimates it will pay Farris, Vaughan, Wills & Murphy LLP. $25,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Farris, Vaughan, Wills & Murphy LLP. has not received fees from the Company for any other services.
Steinepreis Paganin has acted as the Australian solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin $60,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received fees from the Company for any other services.

K S Capital Pty Ltd is acting as lead manager of the Offer. In respect of this work, the Company will pay K S Capital Pty Ltd the amounts detailed in Section 12.1. During the 24 months preceding lodgement of this Prospectus with the ASIC, K S Capital Pty Ltd has not received fees from the Company for any other services.

13.14 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and

(b) in light of the above only, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

AMC Consultants Pty Ltd has given its written consent to being named as Independent Geologist in this Prospectus, the inclusion of the Independent Geologist’s Report in Section 8 in the form and context in which the report is included and the inclusion of statements contained in the Investment Overview in Section 3 and Section 6 in the form and context in which those statements are included. AMC Consultants Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

BDO Corporate Finance (WA) Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant’s Report in Section 9 in the form and context in which the information and report is included. BDO Corporate Finance (WA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

BDO Audit & Assurance (WA) Pty Ltd has given its written consent to being named as Auditor of the Company in this Prospectus. BDO Audit & Assurance (WA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Farris, Vaughan, Wills & Murphy LLP. has given its written consent solely for the purposes of preparing the Solicitor’s Report on Licences in Section 10 in this Prospectus in the form and context in which the report is included. Farris, Vaughan, Wills & Murphy LLP. has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.
Steinepreis Paganin has given its written consent to being named as the Australian solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

K S Capital Pty Ltd has given its written consent to being named as the Lead Manager to the Offer in this Prospectus. K S Capital Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Security Transfer Australia has given its written consent to being named as the share registry to the Company in this Prospectus. Security Transfer Australia has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

The Directors have each given their written consent to being named as the directors of the Company and to all other information relevant to them in this Prospectus. The Directors have not withdrawn their consents prior to the lodgement of this Prospectus with ASIC.

13.15 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately $622,412 for Minimum Subscription or $714,617 for Maximum Subscription and are expected to be applied towards the items set out in the table below:

<table>
<thead>
<tr>
<th>Estimated Costs of Offer</th>
<th>Minimum Subscription ($4,500,000)</th>
<th>Maximum Subscription ($6,000,000)</th>
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<td>Other Fees</td>
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<td>$714,617</td>
</tr>
</tbody>
</table>

*Broker commissions will only be paid on applications made through a licensed securities dealers or Australian financial services licensee and accepted by the Company (refer to Section 5.9 for further information). The amount calculated is based on 100% of applications being made in this manner. For those applications made directly to and accepted by the Company no broker
commissions will be payable and the expenses of the Offer will be reduced and the additional funds will be put towards working capital.

13.16 **Continuous disclosure obligations**

Following admission of the Company to the Official List, the Company will be a “disclosing entity” (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

13.17 **Electronic Prospectus**

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.3gcoal.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

13.18 **Financial Forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

13.19 **Privacy statement**

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.
Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.
14. DIRECTORS’ AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

_______________________________
Brett Mcleod
Managing Director
For and on behalf of
3G Coal Limited
15. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

$ means an Australian dollar.

Anthracite Coal, often referred to as hard coal, is a hard, compact variety of coal that has a submetallic lustre. It has the highest carbon content, the fewest impurities, and the highest energy density of all types of coal and is the highest ranking of coal.

Application Form means the application form attached to or accompanying this Prospectus relating to the Offer.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

Board means the board of Directors as constituted from time to time.

CAD means Canadian dollars.

Closing Date means the closing date of the Offer as set out in the indicative timetable in the Investment Overview in Section 3 (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Company, 3G Coal or 3G Coal Limited means 3G Coal Limited (ACN 602 793 153).

Constitution means the constitution of the Company.

Consultant Option means an Option to be issued on the terms and conditions set out Section 13.6.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Exploration Target means a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

Founder Options means 12,060,000 Options with the terms and conditions set out in Section 13.4.

Groundhog Coalfield means the Groundhog Coalfield, located in north British Columbia, Canada.

Groundhog South Project or Project means the Groundhog South Metallurgical Coal Project.

K S Capital or Lead Manager means K S Capital Pty Ltd (ACN 124 761 557) (AFSL 316880).

Lead Manager Option means an Option to be issued on the terms and conditions set out Section 13.3.

Licences means the coal licences in which the Company has an interest as further described in the Solicitor’s Report on Licences set out in Section 10 or any one of them as the context requires.

Listing means listing on a publicly recognised stock exchange.

Loan Participant Options means those Options which are to be issued to the lenders the subject of the loan agreements summarised in Section 12.10 and issued on the terms and conditions set out in Section 13.11.

Loyalty Option means an Option with the terms and conditions set out in Section 13.8.

Managing Director Sign-on Options means 1,000,000 Options with the terms and conditions set out in Section 13.5.

Maximum Subscription means $6,000,000.

Minimum Subscription means $4,500,000.

Mineral Resource means a concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction.

Offer means the offer of Shares pursuant to this Prospectus as set out in Section 5.

Official List means the official list of ASX.

Official Quotation or Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

PCI means Pulverised Coal Injection.

Performance Right means a performance right which is convertible into a Share on the terms and conditions set out in Section 13.8.

Pre-Feasibility Study means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined.

Prospectus means this prospectus.

Section means a section of this Prospectus.
**Security** means a Share, Option or Performance Right, or all three, as the context requires.

**Seed Participant Options** means those Options which were issued to subscribers of previous seed capital raisings completed by the Company, and issued on the terms and conditions set out in Section 13.7.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of Shares.

**ULV** means Ultra-low Volatile.

**VWAP** means volume weighted average Share price.

**WST** means Western Standard Time as observed in Perth, Western Australia.
This is an Application Form for Shares in 3G Coal Limited ACN 602 793 153 (Company) and relates to the offer of up to 30,000,000 fully paid ordinary shares in the capital of the Company (Shares) at $0.20 per Share pursuant to the Prospectus dated 25 September 2018 (Prospectus). The Offer is scheduled to close at 5.00pm (WST) on 9 November 2018 unless extended or withdrawn. A person who gives another person access to this Application Form must at the same time give the other person access to the Prospectus and any supplementary prospectus (if applicable). The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser.

1. Number of Shares you are applying for

2. Total amount payable (multiply box 1 by $0.20 per share)

Applications must be for a minimum of $2,000 worth of Shares (10,000 Shares) and thereafter, in multiples of $1,000 worth of Shares (5,000 Shares).

3. Write the name(s) you wish to register the Shares and Performance Shares in (see reverse for instructions)

4. Write your postal address here – to be registered against your holding

5. CHESS Participants only – Holder Identification Number (HIN)

Note: if the name and address details in sections 3 & 4 above do not match exactly with your registration details held at CHESS, any Shares or issued as a result of your Application will be held on the Issuer Sponsored subregister.

6. Email Address (see reverse of form – this is for all communications legally permissible and despatched by the Company)

7. TFN/ABN/Exemption Code

   Applicant #1

   Applicant #2

   Applicant #3

   If NOT an individual TFN/ABN, please note the type in the box
   C = Company; P = Partnership; T = Trust; S = Super Fund

8. PLEASE INSERT CHEQUE DETAILS

   Cheques must be drawn on an Australian branch of a financial institution in Australian currency, made payable to 3G COAL LIMITED crossed “Not Negotiable” and forwarded to the Company to arrive no later than the Closing Date.

   Cheque Number

   BSB

   Account Number

9. Contact Details

   Please use details where we can contact you between the hours of 9:00am and 5:00pm should we need to speak to you about your application.

   Telephone Number

   Contact Name (PRINT)

10. DECLARATION

   Return of the Application Form with your payment of the Application Monies will constitute your offer to subscribe for Shares in the Company. I/We declare that:

   (a) This Application is completed according to the declaration/appropriate statements on the reverse of this form and I/we agree to become members of the Company and be bound by the Constitution of the Company;

   (b) I/we have received personally a copy of the Prospectus accompanying the Application Form, before applying for Shares; and

   (c) I/we authorise the Company to complete and execute any documentation necessary to effect the issue of shares to me/us; and

   (d) I/We acknowledge that returning the application form with the application monies will constitute my/our offer to subscribe for 3G Coal Limited Shares and that no notice of acceptance of the application will be provided.
INSTRUCTIONS TO COMPLETION OF THIS APPLICATION FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM

Please complete all relevant sections of this Application Form using BLOCK LETTERS.
The below instructions are cross-referenced to each section of the Application Form.

1 Number of Shares
Insert the number of Shares you wish to apply for in section 1. Your application must be for a minimum of $2,000 worth of Shares (10,000 Shares) and thereafter, in multiples of $1,000 worth of Shares (5,000 Shares).

2 Payment Amount
Enter into section 2 the total amount payable. Multiply the number of shares applied for by $0.20 – the application price per Share.

3 Name(s) in which the Shares are to be registered
Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

CORRECT FORMS OF REGISTRABLE TITLE

<table>
<thead>
<tr>
<th>Type of Investor</th>
<th>Correct Form of Registration</th>
<th>Incorrect Form of Registration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trusts</td>
<td>Use the trustee(s) personal name(s).</td>
<td>Sue Smith Family Trust</td>
</tr>
<tr>
<td>Deceased Estates</td>
<td>Use the executor(s) personal name[s].</td>
<td>Estate of late John Smith or John Smith Deceased</td>
</tr>
<tr>
<td>Partnerships</td>
<td>Use the partners personal names.</td>
<td>John Smith and Son</td>
</tr>
<tr>
<td>Clubs/Unincorporated Bodies/Business Names</td>
<td>Use office bearer(s) personal name[s].</td>
<td>ABC Tennis Association</td>
</tr>
<tr>
<td>Superannuation Funds</td>
<td>Use the name of the trustee of the fund.</td>
<td>Superannuation Fund</td>
</tr>
</tbody>
</table>

4 Postal Address
Enter into section 4 the postal address to be used for all written correspondence. Only one address can be recorded against a holding. With exception to annual reports, all communications to you from the Company will be mailed to the person(s) and address shown. Annual reports will be made available online when they are released. Should you wish to receive a hard copy of the annual report you must notify the Share Registry. You can notify any change to your communication preferences by visiting the registry website – www.securitytransfer.com.au

5 CHESS Holders
If you are sponsored by a stockbroker or other participant and you wish to have your allocation directed into your HIN, please complete the details in section 5.

6 Email Address
The Company’s annual report and company information will be available at www.3gcoal.com. You may elect to receive all communications despatched by 3G Coal Limited electronically (where legally permissible) such as a notice of meeting, proxy form and annual report via email.

7 TFN/ABN/Exemption
If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details in section 7. Collection of TFN’s is authorised by taxation laws but quotation is not compulsory and it will not affect your Application Form.

8 Cheque Details
Cheques must be drawn on an Australian branch of a financial institution in Australian currency, made payable to 3G COAL LIMITED and crossed “Not Negotiable”. Please complete the relevant details in section 8.

9 Contact Details
Please enter contact details where we may reach you between the hours of 9:00am and 5:00pm should we need to speak to you about your application.

10 Declaration
Before completing the Application Form the Applicant(s) should read the Prospectus in full. By lodging the Application Form, the Applicant(s) agrees that this Application for Shares in the Company upon and subject to the terms of the Prospectus, agrees to take any number of Shares equal to or less than the number of Shares indicated in Section 1 that may be issued to Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign this Application Form.

HOW TO LODGE YOUR APPLICATION FORM

Mail or hand deliver your completed Application Form with your cheque to the following address:

3G Coal Limited
C/- Security Transfer Australia
PO Box 535
Applecross WA 6953