

## Hail Creek Table 1

The following table provides a summary of important assessment and reporting criteria used at Hail Creek Mine for the reporting of exploration results, Mineral Resources and Ore Reserves in accordance with the Table 1 checklist in *The Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2012 Edition)*. Criteria in each section apply to all preceding and succeeding sections.

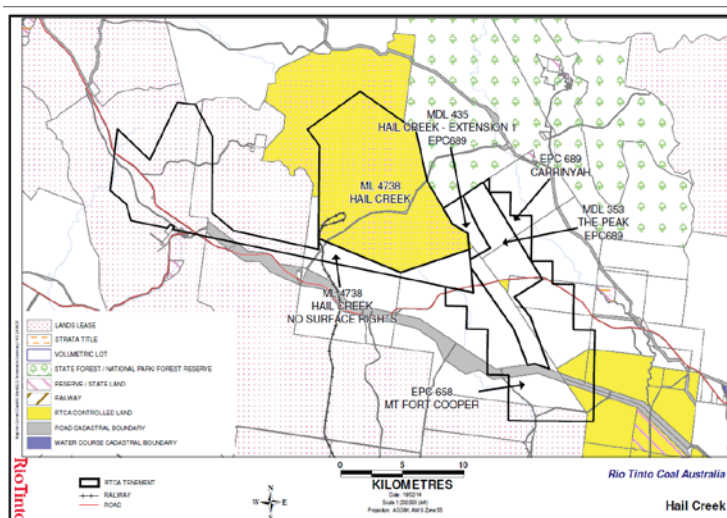
### SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>A combination of open hole (predominantly for structural definition) and cored (for coal quality (CQ), geotechnical and gas sampling) have been used.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>6,058 drill holes (578,879m) support the Resource estimate. Cored drilling represents 17% of the total metres, and open hole drilling 83%. The drill holes are up to 518m deep and average 84m. The drill holes were all nominally recorded as vertical with a redrill required if the hole exceeds specified deviation.</li> <li>Coring has predominantly been done using a 4C-sized bit (576 holes at 100mm) and open hole drilling to an equivalent hole diameter size. In addition a number of HQ-3, PQ-3 and large diameter (LD) holes have been drilled: 98 holes HQ-3 (63mm), 95 holes PQ-3 (83mm), and 83 holes LD (200mm) diameter sizes.</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>Standardised Rio Tinto Coal Australia logging systems are utilised for all drilling logging and sampling.</li> <li>Core recovery is recorded by the geologist while logging the drill hole. If core recovery for a coal ply is less than 95%, then that section of the hole is redrilled to ensure a representative sample is taken.</li> <li>Ply samples are checked for representativeness using a theoretical mass that is determined using analysed relative density, sample thickness and core diameter prior to composite definition.</li> <li>Open hole chip recovery is assessed qualitatively by the rig geologist.</li> </ul>
Logging	<ul style="list-style-type: none"> <li>Core is geologically and geotechnically logged and open hole chip samples are taken every 1m and logged for lithology changes. Logging for lithology, grain size, weathering and hardness is conducted using standard dictionary definitions. Colour and any additional qualitative comments are also recorded. All core is photographed on both a core table (0.5m increment) and a single 2.8m core tray basis for 4-C and PQ-3 and single 4.5m core tray basis for HQ-3. Chips are photographed in 20m × 1m intervals.</li> <li>All holes are logged using a comprehensive suite of downhole geophysics tools (calliper, gamma, density, neutron, sonic, verticality, temperature) with acoustic scanner (for geotechnical assessment) also run on cored holes.</li> </ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>Core sampling is completed at the drill site and based on set of standard criteria (determined by lithology and structure). Samples are bagged at the drill site and then transported to an external accredited laboratory for analysis as a complete hole batch.</li> <li>All samples are weighed, air-dried and then re-weighed before being crushed to a 19mm top size. A rotary splitter is used to divide the sample into portions available for further CQ analysis.</li> <li>CQ analysis is by a three stage method involving raw analysis on all plies followed by washability and product testing on composite samples as defined by the project geologist.</li> <li>All sample treatment and analysis is conducted according to procedures which adhere to Australian (or International equivalent) standards in a National Association of Testing Authorities certified laboratory.</li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>Non-formalised quality assurance/quality control (QAQC) involving duplicate samples is completed and, in addition, Rio Tinto Coal Australia checks laboratory round robin and basic reproducibility tests provided by the primary laboratory. All results are assessed via cross-plots and statistics for precision and accuracy.</li> </ul>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>All CQ sampling and analysis is overseen and checked by other Rio Tinto personnel.</li> <li>Data transfer from site is covered by an agreed protocol. This system documents primary data, data entry procedures, data verification, and data storage (physical and electronic) into a geological database.</li> </ul>

Location of data points	<ul style="list-style-type: none"> <li>The topographic grid has been constructed from an orthophoto DTM obtained from AAM Hatch on 18 June 2002. The grid has a 20m cell size and covers the entire Hail Creek Syncline as shown in Figure 2 below.</li> <li>All surveyed co-ordinates are within Australian Geodetic Datum 1984 (MGD84) MGA Zone 55.</li> <li>Drill hole collars were surveyed post drilling by licensed surveyors (Hail Creek Mine employees) using differential GPS with an accuracy of <math>\pm 10\text{mm}</math>.</li> <li>Downhole surveying has been undertaken using downhole verticality and calliper tools for all holes 2005 onwards. From all holes drilled and modelled at Hail Creek, 49% of cored holes have verticality data and 44% of open holes have verticality data recorded.</li> </ul>
Data spacing and distribution	<ul style="list-style-type: none"> <li>Drill hole spacing for core holes is on an equilateral triangle grid of 500m or less. For open holes, spacing is on a 250m or less equilateral triangle grid. Holes for sub-crop delineation were drilled on a distance as required (observed <math>&lt;100\text{m}</math>).</li> <li>Due to the maturity of the exploration, the majority of the recently drilled holes (2012 to 2015) were not set on a grid basis but rather governed by required data.</li> <li>Pre-production holes are based on sub-100m grid spacing (between 75m- 86m).</li> <li>All core samples are composited within defined seam boundaries.</li> </ul>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>The Coal Measures show relatively consistent layering and are not subject to steep dips – the orientation of drilling is therefore suitable for flat lying stratified deposits.</li> </ul>
Sample security	<ul style="list-style-type: none"> <li>Core/chip samples are taken at the drill site and then transported daily to the exploration office for storage under refrigeration. Once the hole has been completed the samples are transported to the laboratory via a dedicated courier service again under refrigeration.</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>Hail Creek has had three audits completed in the past six years, they include: <ul style="list-style-type: none"> <li>An audit in September 2014 conducted by the Xstract Group (report: <i>Rio Tinto Group Audit and Assurance Resources Internal Audit: Hail Creek Mine</i>)</li> <li>An audit in October 2010 conducted by the Xstract Group (report: <i>Resources and Reserves Internal Audit – Hail Creek Mine. Project No. P1361</i>)</li> <li>An audit in November 2009 conducted by Snowden (report: <i>Rio Tinto Corporate Assurance: Resources and Reserves Internal Audit – Hail Creek Mine. Project No. 00509</i>).</li> </ul> </li> <li>These reviews concluded that the fundamental data collection techniques are appropriate.</li> </ul>

## SECTION 2 REPORTING OF EXPLORATION RESULTS

Criteria	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <li>Hail Creek Mine is operated under a joint venture agreement. The joint venture partners are listed below: <ul style="list-style-type: none"> <li>Queensland Coal Pty Limited* (82% share)</li> <li>Marubeni (6.6667% share)</li> <li>Sumisho (3.3333% share)</li> <li>Nippon Steel Australia (8% share).</li> </ul> <p style="text-align: center;"><i>* A 100% owned subsidiary of Rio Tinto Ltd.</i></p> </li> <li>The area making up the Hail Creek Resource model makes up the eastern portion of ML 4738.</li> <li>Other licences and permits includes: <ul style="list-style-type: none"> <li>two exploration permits</li> <li>two mining development licences.</li> </ul> </li> </ul>



**Figure 1 HCM mining and tenements map**

Exploration done by other parties

- Small government and private coal exploration was undertaken between 1887 and 1969, but only small Reserves were reported for the Elphinstone and Kemmis Creek coalfields. The realisation of the Hail Creek syncline for coking coal was not until 1969. Mine administration undertook extensive exploration during the 1970s. The project partners took some poor options in testing the coal. Frequent changes of project ownership and personnel hampered the interpretation and documentation of this early work.
- All exploration of the Hail Creek Syncline after the major partnering of Rio Tinto in the early 1990s was conducted by Pacific Coal Pty Ltd followed by the current custodian, Rio Tinto Coal Australia Pty Ltd.

Geology

- Hail Creek is located in the northern part of the Bowen Basin which contains numerous important coal producing intervals in the Permian stratigraphy. The Late Permian Fort Cooper and Rangal Coal Measures host the coal deposits mined at Hail Creek. The main rock types of these measures are sandstone, siltstone and conglomerate, which occur with coal and tuffaceous claystone.

Drill hole information

- Drilling data summary of Hail Creek for periods 1993-2001 and 2003-2014:

**Table 1: Drilling activities for period 1993-2001**

Year		Open Holes	HQ3 Core	100mm Core	Large Core	Totals
1993	N <sup>o</sup> . of holes	7	2	-	8	17
	Metres drilled	612	88	-	369	1,069
1994	N <sup>o</sup> . of holes	46	-	-	-	46
	Metres drilled	4,220	-	-	-	4,220
1995-96	N <sup>o</sup> . of holes	392	19	53	11	475
	Metres drilled	26,903	718	4,712	705	33,038
1997	N <sup>o</sup> . of holes	65	-	13	34	112
	Metres drilled	7,566	-	844	2,008	10,417
1998	N <sup>o</sup> . of holes	602	1	50	-	653
	Metres drilled	29,263	37	2,698	-	31,998
2001	N <sup>o</sup> . of holes	-	-	-	6	6
	Metres drilled	-	-	-	292	292

**Table 2: Drilling activities for period 2003-2015**

Year	Drilling Detail	Open Holes	HQ3 Core	PQ3 Core	100mm Core	Large Core	Totals
2003	N <sup>o</sup> . of holes	508	9	-	173	3	693
	Metres drilled	22,418	559	-	7,323	149	30,449

2004	N <sup>o</sup> . of holes	781	10	-	82	11	884
	Metres drilled	46,043	326	-	7,680	965	55,014
2005	N <sup>o</sup> . of holes	1,033	38	-	83	7	1,161
	Metres drilled	99,420	8,832	-	8,527	829	117,608
2006	N <sup>o</sup> . of holes	248	-	-	32	-	280
	Metres drilled	15,927	-	-	2,184	-	18,111
2007	N <sup>o</sup> . of holes	511	-	-	53	-	564
	Metres drilled	39,757	-	-	4,741	-	44,498
2008	N <sup>o</sup> . of holes	51	0	0	30	16	97
	Metres drilled	6,289	0	0	4,909	1,777	12,975
2009	N <sup>o</sup> . of holes	126	4	0	84	7	221
	Metres drilled	22,525	721	0	13,866	662	40,832
2010	N <sup>o</sup> . of holes	242	-	-	45	5	292
	Metres drilled	39,753	-	-	7,047	704	47,504
2011	N <sup>o</sup> . of holes	118	6	26	29	0	179
	Metres drilled	23,992	1,618	8,592	5,297	0	39,499
2012	N <sup>o</sup> . of holes	134	5	12	12	0	162
	Metres drilled	30,122	1,429	2,592	2,734	0	36,108
2013	N <sup>o</sup> . of holes	157	27	24	0	0	208
	Metres drilled	45,429	7,298	4,654	0	0	57,381
2014	N <sup>o</sup> . of holes	41	2	23	0	0	66
	Metres drilled	19,025	764	3,478	0	0	23,267
2015	N <sup>o</sup> . of holes	34	4	0	0	5	43
	Metres drilled	8,847	681	0	0	632	10,160
							<ul style="list-style-type: none"> <li>Since the previous resources upgrade in 2011 there have been an additional 370 drillholes added due to new drilling or database updates</li> </ul>
Data aggregation methods							<ul style="list-style-type: none"> <li>Ply samples are combined to create composites (for washability and product coal analyses) representing mineable seam working sections.</li> </ul>
Relationship between mineralisation widths and intercept lengths							<ul style="list-style-type: none"> <li>Based on drilling techniques and stratigraphy, the coal seam intercepts approximate true coal thickness.</li> </ul>

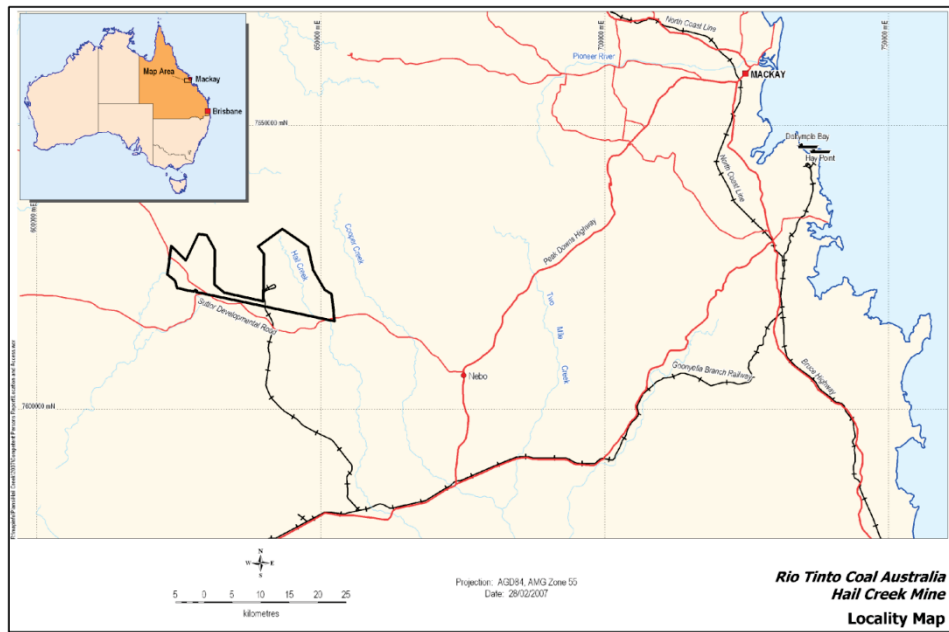
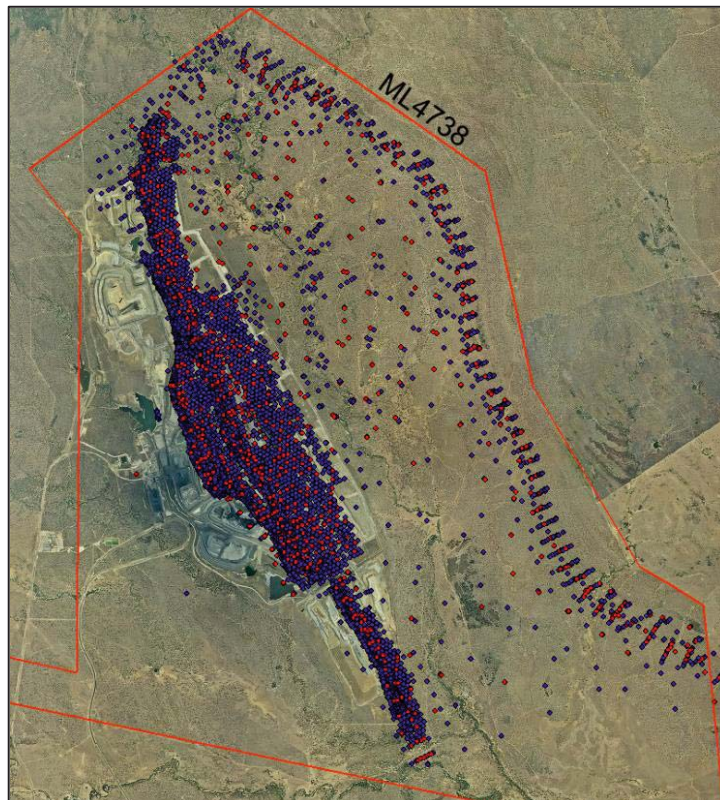
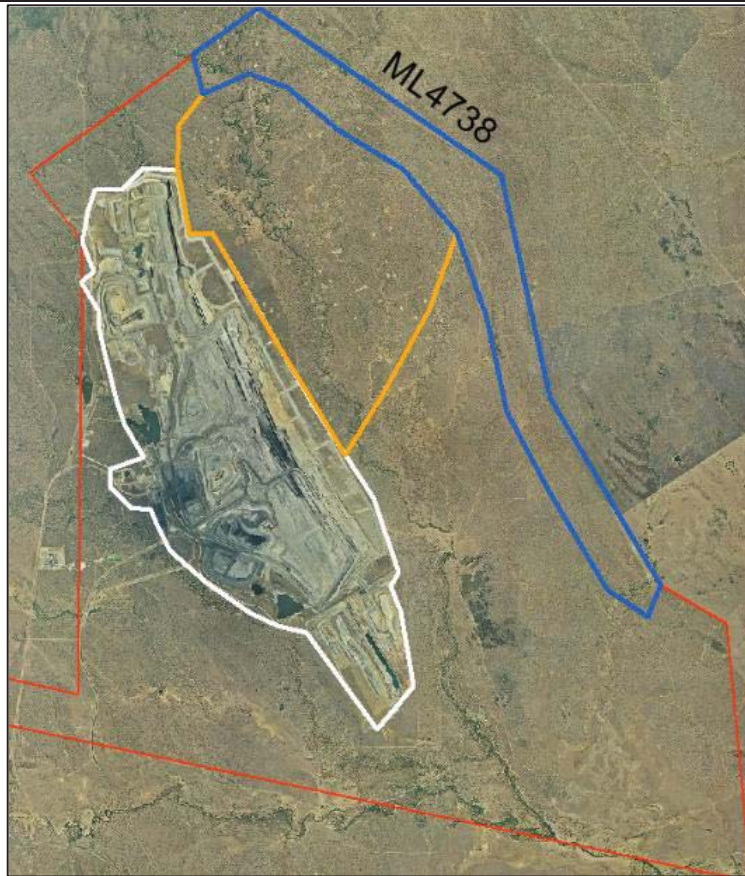


Figure 2: Hail Creek location



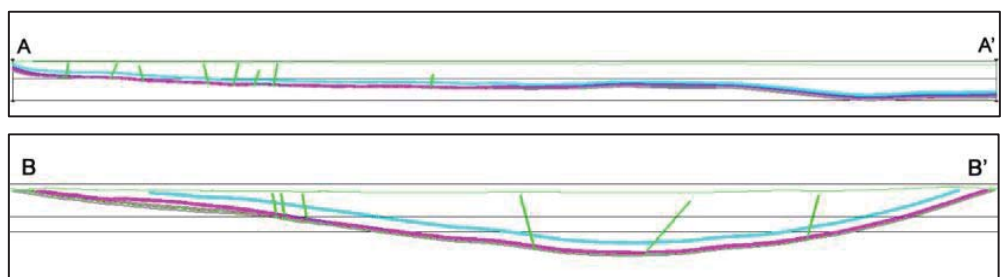
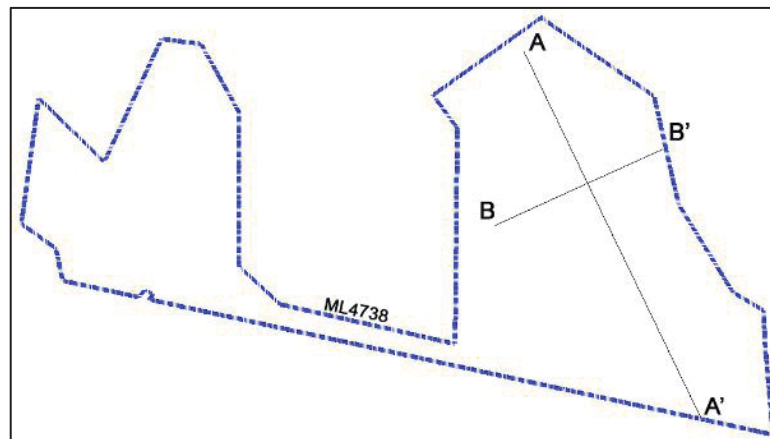
*Open holes (blue); cored holes (red)*

Figure 3 Drill collar locations



Active pit (white), underground (orange), and eastern margin (blue) resource areas

**Figure 4 Current Hail Creek activities**



Cross-section A is north to south / cross-section B is west to east

**Figure 5 Hail Creek cross-sections**

Balanced reporting	<ul style="list-style-type: none"> <li>Not applicable. Rio Tinto Coal Australia has not specifically released exploration results for these deposits.</li> </ul>
Other substantive exploration data	<ul style="list-style-type: none"> <li>In addition to drilling, a 3D seismic survey (underground exploration target) and airborne magnetic surveys have been completed to delineate structure, faults, dykes, and alluvial limits.</li> </ul>
Further work	<ul style="list-style-type: none"> <li>Drilling for both pre-production and strategic brownfields, and analytical (CQ, geotechnical, gas) results will be ongoing.</li> <li>Brownfields exploration includes a potential eastern margin, an underground Resource, and potential coal Resources in the south of the syncline.</li> </ul>

### SECTION 3 - ESTIMATION AND REPORTING OF MINERAL RESOURCES

Criteria	Commentary
Database integrity	<ul style="list-style-type: none"> <li>All drill hole data are securely stored in a database which is stored on the Brisbane server and is backed up daily.</li> <li>Data are validated at the drill site and also prior to loading into the database by the responsible geologist.</li> <li>The database contains automated validation processes, during data loading to prevent un-validated data being loaded.</li> </ul>
Site visits	<ul style="list-style-type: none"> <li>The Resources Competent Person visited Hail Creek in 2015.</li> </ul>
Geological interpretation	<ul style="list-style-type: none"> <li>The deposit is a south-southeast plunging, asymmetrical syncline with all major structures defined. The deposit is part of a series of anticlines and synclines known as the Nebo Synclinorium. Infill drilling, 3D seismic, mining exposure and mapping has supported and refined the model. The current interpretation is thus considered to be robust.</li> </ul>
Dimensions	<ul style="list-style-type: none"> <li>The deposit trends 14km north-northwest to south-southeast and is 6km in width. The deposit extends to a depth of 530m below the topographic surface in the south.</li> </ul>
Estimation and modelling techniques	<ul style="list-style-type: none"> <li>Modelling was undertaken using resource modelling software. For structural modelling the Fine Element Method (FEM) interpolator is used and for CQ an inverse distance squared interpolator is used. All surfaces and coal qualities are interpolated into grids with 20m × 20m node spacing.</li> <li>The model is of the coal seams only and waste modelled by default and not assigned any grade. Resource estimates are therefore of the coal seams only and restricted on a whole seam group basis only.</li> <li>Modelling is completed on an iterative basis with checking of cross-sections and contours of structural and CQ attributes. Database values are posted on contours as a further check. A volume/tonnage check between the model and its predecessor are completed as a final validation.</li> </ul>
Moisture	<ul style="list-style-type: none"> <li>All tonnages are estimated on an in situ moisture basis, which is determined to be 5%.</li> </ul>
Cut-off parameters	<ul style="list-style-type: none"> <li>Nominally coal is washed to produce three products: <ul style="list-style-type: none"> <li>a premium low-ash (8.5 per cent) prime hard coking product</li> <li>a higher ash (10 per cent) hard coking product.</li> <li>a high ash (23-35 per cent) thermal product</li> </ul> </li> <li>Blending of coal from the two major seams (Elphinstone and Hynds) is common.</li> <li>A secondary thermal product has recently been introduced from the rejects streams of the above products and is a 25% ash product.</li> <li>The site also produces smaller amounts of bypass thermal rejects.</li> <li>For all products, product moisture is 10%. Air-dried moisture is quoted at a 1.5% moisture basis.</li> </ul>
Mining factors or assumptions	<ul style="list-style-type: none"> <li>Development of this Mineral Resource estimate assumes mining using standard Rio Tinto Coal Australia equipment.</li> <li>The assumed open-cut mining method is overburden removal via draglines, and conventional truck and shovel open pit coal mining.</li> <li>Mining practices utilise detailed extraction plans to effectively manage grade control.</li> </ul>

	<p>These extraction plans are generated from short term geological models, in pit visual inspections and survey monitoring and control.</p> <ul style="list-style-type: none"> <li>• Conceptual underground mining will be by longwall methods and, in addition, bord and pillar and highwall mining extraction styles have been considered..</li> </ul>
Metallurgical factors or assumptions	<ul style="list-style-type: none"> <li>• It is assumed that a combination of density separation (magnetite/water) and fines flocculation processes used by Rio Tinto Coal Australia will be applicable for the processing of Hail Creek coal.</li> </ul>
Environmental factors or assumptions	<ul style="list-style-type: none"> <li>• Rio Tinto Coal Australia has an extensive environmental and heritage approval and compliance process. No issues are expected that would impact on the Mineral Resource estimate.</li> </ul>
Bulk density	<ul style="list-style-type: none"> <li>• All boreholes are reported on relative density (RD).</li> <li>• The in situ relative density; i.e. the density of materials at an in situ moisture basis, was calculated using the Preston and Sanders equation:  <math display="block">RD2=[RD1*(100-M1)]/[100+RD1*(M2-M1)-M2]</math> <i>Where RD1 is true RD (ad), M1 is moisture (ad) and M2 is the in situ moisture.</i> </li> </ul>
Classification	<ul style="list-style-type: none"> <li>• The classification of the Mineral Resources into varying confidence categories is based on a standardised process of utilising points of observation (PoO) (ie drill holes) according to their reliability and value in estimation. The points of observation are used to categorise structure and quality continuity (or both) or support continuity.</li> <li>• Radii of influence are then plotted around PoO maps for structure and quality. The radii of influence were determined by consideration of the perceived and observed variability in structure and CQ for seams, and using small radii than that recommended in a geostatistical review previously undertaken.</li> <li>• Areas of confidence (low, medium, high) are produced from these plots (structure, CQ for each seam) and these are finally combined to produce areas of Measured, Indicated and Inferred which are used to subdivide the resource tonnage estimates.</li> <li>• In summary structural radii range 125-250m for high confidence, 250-500m for medium and 750-1,500m for low; and, for CQ 250-500m radii for high, 500-1,000m for medium and 1,500-3,000m for low confidence respectively.</li> <li>• The Competent Person is satisfied that the stated Mineral Resource classification reflects the geological controls interpreted and the estimation constraints of the deposits.</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>• Hail Creek has had three audits completed in the past six years, they include: <ul style="list-style-type: none"> <li>○ An audit in September 2014 conducted by the Xstract Group. No material errors were noted in the model, only a few minor discrepancies were identified. The model was considered to be fit for the purposes of resource and reserve estimation and mine planning.</li> <li>○ An audit in October 2010 conducted by the Xstract Group</li> <li>○ An audit in November 2009 conducted by Snowden</li> <li>○ An external audit of the methodology of for defining “eventual economic extraction” (via Whittle for opencast and advanced economic analysis of underground) was completed by Xstract Mining Consultants in 2015. This considered the process to be a robust, transparent and fit for purpose methodology.</li> </ul> </li> <li>• These reviews concluded that the modelling and estimation techniques are appropriate</li> </ul>
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> <li>• Rio Tinto Coal Australia operates multiple mines in New South Wales (NSW) and Queensland. The Mineral Resource data collection and estimation techniques used for the Hail Creek deposit are consistent with those applied at other deposits which are being mined. Reconciliation of actual production with the Mineral Resource estimates for the existing operational deposits are generally within three percent for tonnes. This result is indicative of a robust process.</li> <li>• Accuracy and confidence of Mineral Resource estimation estimate has been accepted by the Competent Person.</li> </ul>

## SECTION 4 ESTIMATION AND REPORTING OF ORE RESERVES

Criteria	Commentary
Mineral Resource	<ul style="list-style-type: none"> <li>• A 3D gridded resource model of topography, structure and quality are used for in situ</li> </ul>



estimate for conversion to Ore Reserves	<p>resource definition.</p> <ul style="list-style-type: none"> <li>• Mine design strips and blocks are applied to the in situ resource model to generate the raw Reserves used to create a separate mine schedule database. The mine schedule database also reflects working sections or seam aggregations, mining methods and associated loss and dilution impacts. The mine schedule database is used as the basis for Coal Reserves reporting.</li> <li>• Coal Resources are in addition to Coal Reserves.</li> </ul>
Site visits	<ul style="list-style-type: none"> <li>• The Reserves Competent Person visited Hail Creek in 2015.</li> </ul>
Study status	<ul style="list-style-type: none"> <li>• Hail Creek is an operating mine project. The reportable Ore Reserve is based on the Life of Mine (LOM) plan assumptions and has determined a mine plan that is technically achievable and economically viable, and that material modifying factors have been considered. This update to reserves is a result of the completion of Pre-Feasibility studies and evaluations that include the eastern margin.</li> </ul>
Cut-off parameters	<ul style="list-style-type: none"> <li>• Periodic (&lt;3yrs) pit optimisation work used to define pit shells is conducted using Rio Tinto economics prices and an estimate of unit operating costs including a \$/ROMt allowance for sustaining capex.</li> <li>• For annual JORC Reserves reporting purposes, detailed mine design and schedules are constructed to generate detailed cash flow schedules. This work includes identifying the mining sequence, equipment requirements, incremental and sustaining capital.</li> <li>• A discounted cashflow analysis is conducted to re-assess under the latest economic assumptions the potential Reserves that remain net cashflow positive.</li> </ul>
Mining factors or assumptions	<ul style="list-style-type: none"> <li>• The declared Ore reserves are for open cut only.</li> <li>• The Hail Creek mine utilises dragline, truck and shovel for waste movement, while coal is loaded using a combination of loaders and excavators with haulage to the Run Of Mine (ROM) hopper undertaken using rear dump trucks. The operations are supported by additional equipment including dozers, graders and water carts.</li> <li>• All pits and strips have been designed based on the existing operation with inclusion of access ramps, minimum mining widths, nominal bench heights and designed geotechnical criteria including the Slope Dump Management Plan (SDMP) for Hail Creek. This detailed design also considers pit access requirements, equipment selection, production sequencing, and safety. The pit designs are integrated with the spoil designs for dragline and for truck and shovel.</li> <li>• Working section or seam aggregation logic pre-determines what is defined as mineable coal by applying working section tests based on minimum coal thickness of 30cms.</li> <li>• Coal loss and dilution factors are also applied and vary by the equipment type uncovering the various coal seams (i.e. excavator/truck versus dragline). Typical roof and floor coal loss thickness ranges from 2cm–59cm. Typical roof and floor waste dilution thickness ranges from 4cm–16cm.</li> <li>• Life of Mine Plans for strategic planning purposes may contain Inferred Resources, provided that the LOM plan would not be compromised by non-inclusion of this coal. Inferred Resources included in LOM plans retain this designation and are not to be referred to as Reserves. Neither are they to be reported in JORC or Securities and Exchange Commission compliant reserve statements.</li> <li>• Hail Creek mine has only limited (&lt;11%) inferred coal within the existing LOM plan.</li> </ul>
Metallurgical factors or assumptions	<ul style="list-style-type: none"> <li>• Hail Creek has a coal handling and preparation plant (CHPP) that is operational, which is used as a coal handling plant and is also used to wash coal.</li> <li>• The processes used are standard for the coal industry and so are well tested technologies.</li> <li>• All samples are wash/cut-point tested and so the representativeness of test work undertaken is implicit in the resource classification status.</li> <li>• In-seam dilution is included in sample testing.</li> <li>• Coal Reserve estimation is based on existing product specifications.</li> <li>• A secondary thermal product is a feature of the reserves and is produced from the rejects streams of the primary products.</li> <li>• The reserve is based on inclusion of a secondary 25% ash thermal that has been tested with the market throughout 2014/2015.</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>• Coarse rejects are combined with fine tailings to form a co-disposal slurry that is pumped to an emplacement area. Rejects material must be covered by inert waste rock material.</li> </ul>

	<ul style="list-style-type: none"> <li>• Ex-pit dumps are offset from any creeks to prevent any constriction of creek flows.</li> <li>• Overburden waste rock has low acid forming potential.</li> </ul>
Infrastructure	<ul style="list-style-type: none"> <li>• Hail Creek is an operating site with existing major infrastructure in place to support the ongoing operation. The current LOM requires moderate additional capital to be able to extend operations. A detailed infrastructure plan and costing has been undertaken as part of Prefeasibility studies and evaluations, which includes additional requirements for mining in the eastern margin and continuation of the current western margin.</li> </ul>
Costs	<ul style="list-style-type: none"> <li>• Based on detailed Annual Operating Plan (AOP) process. Beyond AOP, sustaining capex based on \$/ROMt plus equipment replacements and additions required to deliver the mine plan.</li> <li>• First principles estimating and aligned with AOP. Budget prices for major consumables and labour.</li> <li>• Adjustments are made for ash.</li> <li>• Commodity prices supplied by the economics and markets team, based on expected demand, and current supply, known expansions and expected incentivised supply.</li> <li>• Exchange rates supplied by the economics and markets team.</li> <li>• Transport charges obtained from coal chain team based on existing contracts and expected tonnages.</li> <li>• State Government royalties are based on current Queensland (QLD) royalty rates.</li> </ul>
Revenue factors	<ul style="list-style-type: none"> <li>• Rio Tinto applies a common process to the generation of commodity price estimates across the group. This involves generation of long-term price curves based on current sales contracts, industry capacity analysis, global commodity consumption and economic growth trends. In this process, a price curve rather than a single price point is used to develop estimates of mine returns over the life of the project. The detail of this process and of the price point curves is commercially sensitive and is not disclosed.</li> </ul>
Market assessment	<ul style="list-style-type: none"> <li>• The supply and demand situation for coal is affected by a wide range of factors, and coal consumption changes with economic development and circumstances. Rio Tinto Coal Australia delivers products aligned with its Mineral Resources and Ore Reserves, these products have changed over time and successfully competed with coal products supplied by other companies.</li> </ul>
Economic	<ul style="list-style-type: none"> <li>• Economic inputs such as foreign exchange rates, carbon pricing, and inflation rates are also generated internally at Rio Tinto. The detail of this process is commercially sensitive and is not disclosed.</li> </ul>
Social	<ul style="list-style-type: none"> <li>• There are no Native Title Claims over Hail Creek that would impact on Reserves. No Reserves have been omitted on this basis.</li> <li>• A process is embedded in the normal operating regime at Hail Creek to provide cultural heritage clearance such that no effects are expected to restrict the Hail Creek Reserves. As part of releasing a ground disturbance permit on site, authority must be gained to destroy/remove sites of cultural interest. This involves archaeological mapping and removal of artefacts prior to ground disturbance.</li> <li>• There are no sites of European Cultural Heritage at Hail Creek.</li> </ul>
Other	<ul style="list-style-type: none"> <li>• Semi-quantitative risk assessments have been undertaken throughout the LOM and Reserve phases. During this process, one small pit (R102N) in the north east was identified as being at risk to successfully complete the tenure process and as such has been removed from reserves. Subsequently due to shared capital another smaller pit to the north (R100N) was also removed from reserves.</li> <li>• R1E a small pit in the R1S endwall was also assessed further and removed from reserves due to short-term waste dump benefit and access/haulage issues.</li> <li>• No other material naturally occurring risks have been identified through the above mentioned risk management processes.</li> </ul>
Classification	<ul style="list-style-type: none"> <li>• The Ore Reserves consist of 32% Proved Reserves and 68% Probable Reserves across the deposit. The Western Margin Ore Reserves consist of 87% Proved Reserves and 13% Probable Reserves. The Ore Reserves in the Eastern margin are 100% Probable Reserves.</li> <li>• The Competent Person is satisfied that the stated Ore Reserve classification reflects the outcome of technical and economic studies.</li> </ul>

Audits or reviews	<ul style="list-style-type: none"> <li>• Hail Creek has a number of audits and reviews completed in the past five years, they include: <ul style="list-style-type: none"> <li>○ An audit in June 2015 conducted by Rio Tinto Group Audit &amp; Assurance and Xstract Mining Consultants (reports: Reserves Internal Audit Report – June 2015)</li> <li>○ An series of reviews in 2014/2015 conducted by the Encompass mining group (reports: External review of the HCX PFS mine Planning Data and modelling – April 2014; External review of the HCX Step 2 PFSA Mine Planning Data and modelling – December 2014; External review of the HCX PFS Step 3 - Minemax case matrix definition and methodology – February 2015; External review of the HCX PFS Step 4 – Deswik Scheduling – April 2015)</li> <li>○ A review in December 2014 conducted by MEC mining (reports: Hail Creek East Mine Plan Review – December 2014)</li> <li>○ An audit in October 2010 conducted by the Xstract Group (report: <i>Resources and Reserves Internal Audit – Hail Creek Mine. Project No. P1361</i>)</li> </ul> </li> <li>• These reviews concluded that the fundamental data collection and modelling techniques are appropriate and consistent with previously audited Hail Creek models.</li> </ul>
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> <li>• Rio Tinto Coal Australia operates multiple mines in Queensland and New South Wales. The Ore Reserve estimation techniques utilised for the Hail Creek Operation are consistent with those applied across the other operations. Reconciliation of actual production with the Ore Reserve estimate for the existing operations is generally within 5% for tonnage and grade. This result is indicative of a robust Ore Reserve estimation process.</li> <li>• Accuracy and confidence of modifying factors are generally consistent with the current operation.</li> </ul>