*This section contains information relating to our markets. Certain facts, statistics and data presented in this section and elsewhere in this prospectus have been derived, in part, from various publicly available government and official sources, industry statistics and publications. We also commissioned an independent industry consultant, AME Consulting Pty Limited ("**AME**"), to prepare an industry research report ("**Industry Report**") upon which this Industry Overview section is based. Unless otherwise indicated, all historical and forecast statistical information, including trends, sales, market share and growth, is from the Industry Report. See "– Sources of Information". All price forecasts are presented in real 2018 terms while historical data is presented in nominal terms. For the purposes of forecasts, A$:US$ exchange rates have been assumed to remain constant at a rate of A$1:US$0.76. All cost curves are prepared on the basis of publicly available financial and technical information published by companies. Historical cost information is reconciled to company financial reports, where available.*

*While we have taken all reasonable care to ensure that the relevant official facts and statistics are accurately reproduced from these sources, such facts and statistics have not been independently verified by us or the Relevant Persons. Although we have no reason to believe that such information is false or misleading in any material respect, or that any fact has been omitted that would render such information false or misleading in any material respect, we make no representation as to the accuracy or completeness of such information, which may not be consistent with other information available. Accordingly, you should not place undue reliance on such information or statistics.*

## SOURCES OF INFORMATION

In connection with the Global Offering, we have commissioned AME, an independent third party, to conduct research and analysis of, and to produce a report on, the global coal market. AME is a research and advisory firm headquartered in Sydney, Australia, with offices in Hong Kong, Toronto, London and Johannesburg. AME provides professional resource engineering and industry analysis services across the energy, metals and mining industries. AME's independent research was undertaken through both primary and secondary research through various resources. Primary research involved contacting market participants and industry experts, such as producers, steelmakers and industry consultants and associations. Secondary research involved desktop research of government departments and statistics, trade data, industry journals, company reports, information in the public domain and data from AME's proprietary research database. AME attempted to obtain information from multiple sources to cross-reference and ensure consistency. Information and data collected was analysed, assessed and reasonably validated using AME's in-house techniques.

The Industry Report has been prepared by AME independent of our influence. We have paid AME a fee of US$70,000 for the preparation of the report which we consider in line with market rates. Except as otherwise noted, all data and forecasts in this section are derived from the Industry Report. Our Directors confirm, after taking reasonable care, that there is no adverse change in the market information since the date of the Industry Report which may qualify, contradict or have an impact on the information disclosed in this section.

## OVERVIEW

### Coal Types and Uses

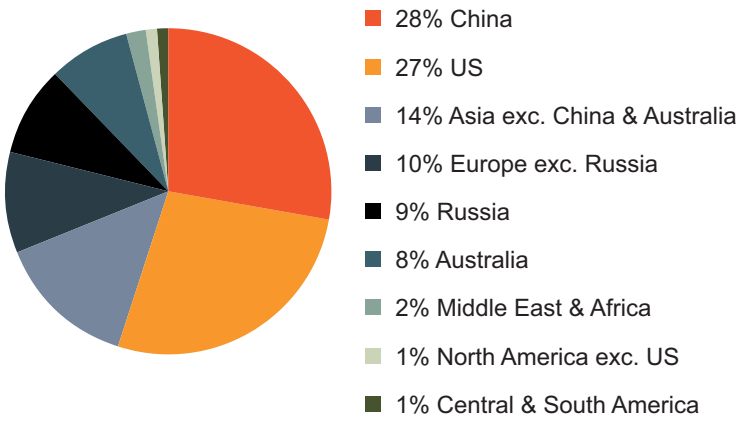
Coal falls broadly into two main types based on its end-use, namely thermal coal and metallurgical coal. Thermal coal, also referred to as steaming coal, is primarily used as an energy source in the generation of electricity. Other applications include direct heating, space and water heating, process heating and cement manufacturing. Metallurgical coals include premium and standard HCC, SHCC, SSCC and low-volatile or high volatile PCI coal. Premium HCC generally represents a substantial portion of the coal in major steel mill coking coal blends and merchant coke plant blends. Lower ranked coking coals, including SHCC and SSCC, are used as a coking blend component. PCI coal is generally a high calorific value coal which is injected directly into a blast furnace to provide the carbon and heat in the iron-making process.

### Coal Quality

Generally, the most important factors that determine coal quality include energy content, mineral matter content (i.e. ash), volatile matter, fixed carbon, sulphur, nitrogen, trace elements and moisture levels. The major controllable determinants are mineral matter content and moisture, both of which are non-useful material and often have detrimental effects on the combustion process, present environmental problems in collection and disposal or, if not properly collected, in air quality, and result in added transportation cost. For metallurgical coal, specific physical and plastic properties are also important.

### Global Hard Coal Reserves

At the end of 2016, total proved global coal reserves were estimated to be approximately 1,139 Bt, of which global hard coal reserves were estimated to be 816 Bt. In 2016, the PRC was estimated to hold the largest hard coal reserve base at 230 Bt followed by the U.S. with 221 Bt, while Russia and Australia were estimated to have 70 Bt and 68 Bt, respectively. The following chart shows the geographical breakdown of estimated global hard coal reserves as at the end of 2016.



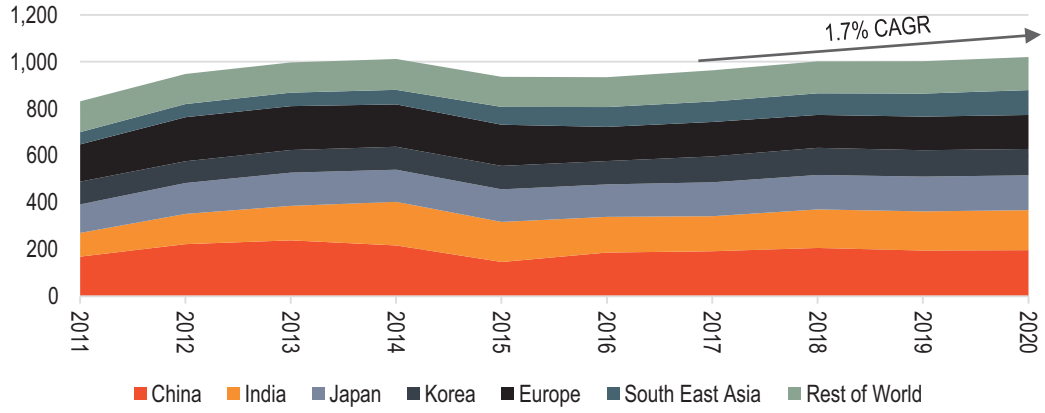

*Source*: Industry Report; British Petroleum Statistical Review 2017.

Despite significant coal consumption over the last 15 years, total reserves of hard coal as at the end of 2016 increased by over 50% from the prevailing reserve levels in 2002. The greatest increase in reserves came from the PRC and other major producing countries such as Australia and Russia.

## SEABORNE THERMAL COAL

### Demand Analysis

AME estimates that global seaborne thermal coal import demand in 2016 declined for the third straight year to 934 Mt. However, demand in 2017 grew by approximately 3% to 964 Mt and AME forecasts that demand will reach 1,020 Mt by 2020, representing a CAGR of 1.7% over that period. The following chart shows the estimated seaborne thermal coal demand for key countries and regions in Mt.



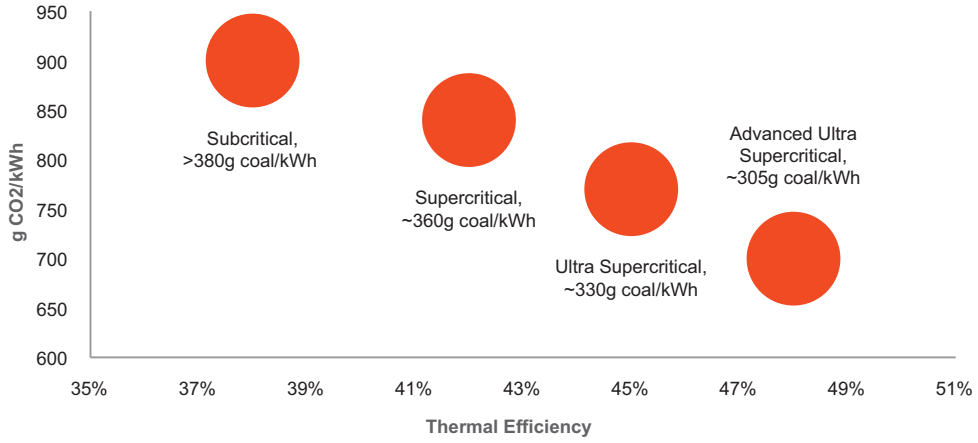

*Source*: Industry Report.

During the first half of 2016, the PRC imported 70 Mt of thermal coal, an increase of 4.3% year on year. As a result of the PRC government's restrictions on domestic coal supply, domestic thermal coal production in 2016 decreased by 10% to 2.7 Bt. Thermal coal imports in 2016 increased by 26% to 196 Mt, of which 187 Mt was seaborne coal, and grew further in 2017 to 201 Mt, of which 192 Mt was seaborne coal. A shortage of gas in the north of the PRC, which caused end users to switch to coal, saw imports of almost 23 Mt in January 2018, the highest monthly figure since January 2014. Domestic coal production in the PRC is expected to be further impacted by the government's plan to close 800 Mt of coal capacity by 2020, and seaborne coal, which is not subject to these policies, is expected to benefit as a result. In addition, the PRC has recently introduced domestic supply restrictions focused on enforcing environmental and safety rules at existing operations as well as consolidating production around larger, more modern operations.

Japanese thermal coal demand accounted for an estimated 14% of global seaborne thermal coal demand in 2017, and Japanese imports are expected to grow to approximately 148 Mt by 2020. With an estimated 70% of its thermal coal being imported from Australia in 2017, Japan is a key market for Australian thermal coal. Power utilities in Japan generally prefer purchasing high calorific value thermal coal and the Hunter Valley's coal is well suited for the Japanese market. South Korea imported a record 111 Mt of thermal coal in 2017, an increase of 11% over 2016, and South Korean imports are expected to grow to approximately 113 Mt by 2020. However, coal's market share is expected to decline over the long term as South Korea works towards achieving its policy objective of 20% non-hydro renewables by 2030.

Thermal coal's primary use is in electricity production, and thermal coal demand is therefore driven strongly by electricity generation. In 2017, coal accounted for approximately 41% of global electricity generation. This proportion is expected to decline to 39% by 2020, driven by the growth in non-hydro renewables. However, countries in Asia and developing countries continue to install new thermal generation capacity in addition to renewable energy capacity. Over the next few years, coal is expected to continue to be the dominant source of energy, particularly in large developing regions such as the PRC and India, and electricity generation from coal is expected to grow in absolute terms.

A key reason for the continuing role of coal in power generation is the increasing replacement of sub-critical boilers with super-critical and ultra super-critical boilers. This technology, generally referred to as high efficiency, low emissions ("**HELE**"), results in the increase of thermal efficiency in the burning of coal and reduction in the amount of coal burned per kWh, which reduces carbon emissions per kWh. Currently, 14 units of HELE plants are under construction in Japan, eight in South Korea and three in Taiwan, which are key markets in North Asia. Combined with the use of higher energy, lower ash coals, this can lead to further reductions in the emissions intensity of power generation as well as the levels of other pollutants. The following chart shows the increasing efficiency of new coal fired technologies.

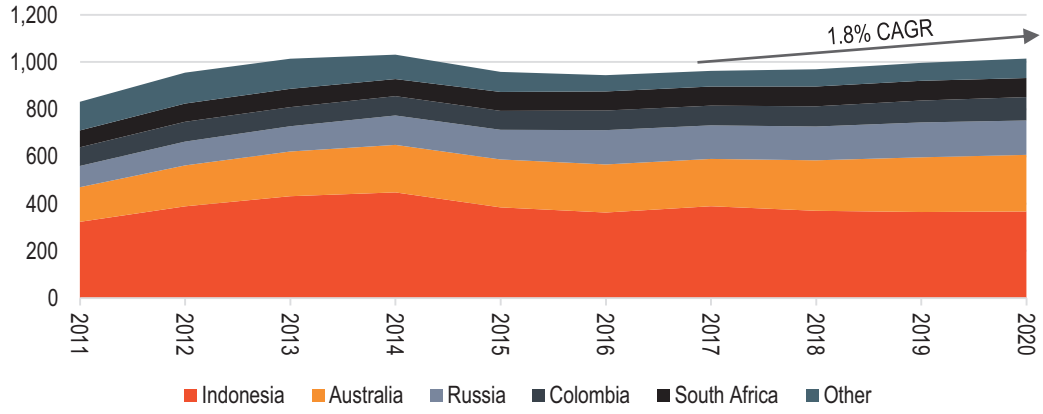



*Source*: Industry Report; International Energy Agency.

The installation of new thermal coal generation capacity in South and Southeast Asia is expected to result in seaborne thermal coal demand increasing at a CAGR of approximately 1.7% over 2017 to 2020. As markets for domestic coal decline in these regions, producers exposed to the export market will be able to take advantage of diversified marketing opportunities in other markets more reliant on imported coal. Further, producers of high quality coal will be better able to access the PRC market as the government restricts coal production and imports that do not meet their increasingly strict requirements on energy content and trace element levels.

## Supply Analysis

AME estimates that global seaborne thermal coal exports fell by 1.5% in 2016. The declining pricing environment from 2014 to the first half of 2016 saw investment in uncommitted new capacity dry up. During this period, several financing institutions began implementing rules limiting their ability to invest in coal related projects, making the financing of new projects more difficult. Despite this, AME estimates that global seaborne thermal coal exports rose by approximately 1.9% in 2017 to 962 Mt and global thermal coal exports are expected to further increase by 0.5% in 2018. AME forecasts that thermal coal supply will grow at a CAGR of approximately 1.8% over the period between 2017 and 2020 to reach 1,014 Mt. The following chart shows the estimated seaborne thermal coal exports from key countries and regions in Mt.



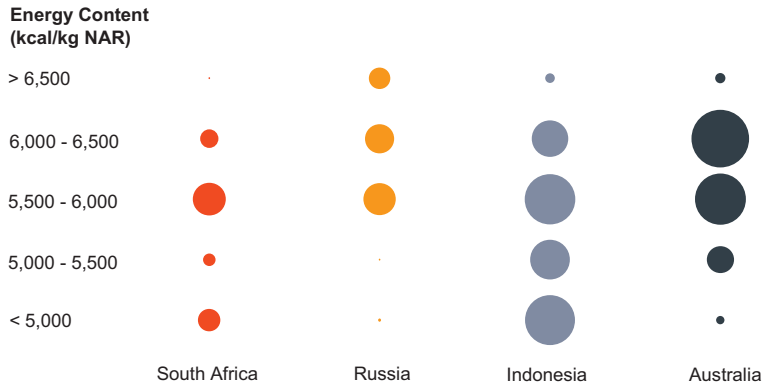

*Source*: Industry Report.

Australia is the second-largest seaborne thermal coal exporting country by volume, having exported approximately 205 Mt in 2017 which accounted for approximately 20% of the global thermal coal market. Australian seaborne thermal coal exports are estimated to grow by 12% in 2018 and continue to grow to reach 240 Mt in 2020. Australian seaborne thermal coal export products can largely be characterised as low-sulphur, high-energy coals, and are generally compared against either the Newcastle 5,500 kcal/kg net as received ("**NAR**") benchmark or the premium Newcastle 6,300 kcal/kg gross as received benchmark. Extensive historic investment in Australian coal assets by Japanese and South Korean companies has generally seen power plants in these countries designed to run on Australian benchmark coals. The following table sets out the estimated average energy content of seaborne thermal coal in 2017 by country.

| | New South Wales | Australia | Indonesia | Colombia | Russia | South Africa |
|---|---|---|---|---|---|---|
| Ash (% adb) | 15.7 | 15.6 | 4.8 | 6.9 | 12.6 | 17.2 |
| Volatile matter (% adb) | 31.6 | 30.2 | 40.1 | 35.1 | 31.8 | 25.4 |
| Total sulphur (% adb) | 0.6 | 0.6 | 0.6 | 0.6 | 0.3 | 0.7 |
| Calorific value NAR (kcal/kg) | 5,950 | 5,800 | 5,100 | 6,000 | 6,050 | 5,700 |

*Source*: Industry Report.

The following chart sets out the energy content of the estimated seaborne thermal coal exports in 2017 of the major coal producing countries.



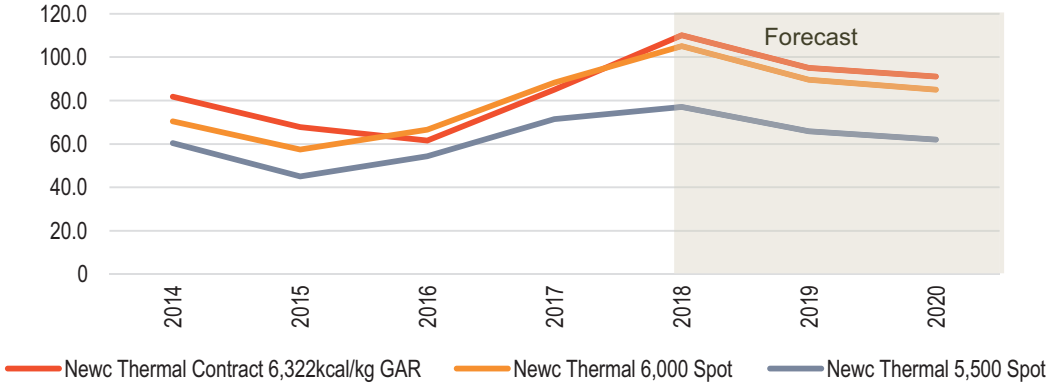

*Source*: Industry Report.

*Note*: Ball size represents relative market contribution.

## Price Analysis

Historically, thermal coal was priced on the basis of annual supply contracts, with the main contract being the Japanese Financial Year negotiated between Japanese utilities and New South Wales producers for Newcastle benchmark coal. The first spot market developed in Northwest Europe. While the size of the spot market has grown, seaborne thermal coal is still primarily priced on contracts.

Strong demand and limited supply saw the Newcastle spot price in 2017 trade above the Newcastle Japanese Financial Year contract price for the second consecutive year, which is unusual. With the PRC temporarily relaxing its domestic production restrictions in December 2016, premium thermal coal spot prices fluctuated from US$98.5 per tonne at the end of 2016 to US$71 per tonne in May 2017 and US$123 per tonne in July 2018. The average spot price is expected to be approximately US$105 per tonne for the full year and thereafter steadily decline to US$85 per tonne in 2020. This decline is expected based on the assumption that certain projects will commence production over the next two years and ease the tight market conditions that have led to recent high prices. Any delay in the supply of additional coal would result in this tightness persisting longer than expected. As high coal prices have prevailed since the middle of 2017, the discount for high ash coal 5,500 kcal/kg NAR against 6,000 kcal/kg NAR has increased compared to 2011 and 2012. The following chart shows the historical and forecast annual average thermal coal prices in US$ per tonne.

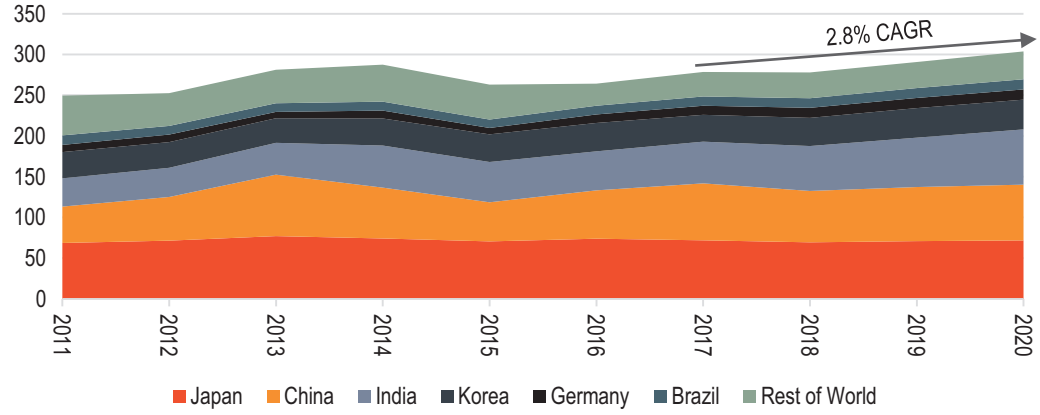



*Source*: Industry Report.

## SEABORNE METALLURGICAL COAL

### Demand Analysis

AME estimates that global seaborne metallurgical coal demand will grow from approximately 279 Mt in 2017 to 304 Mt in 2020. The following chart shows the estimated seaborne metallurgical coal demand for key countries and regions in Mt.




*Source*: Industry Report.

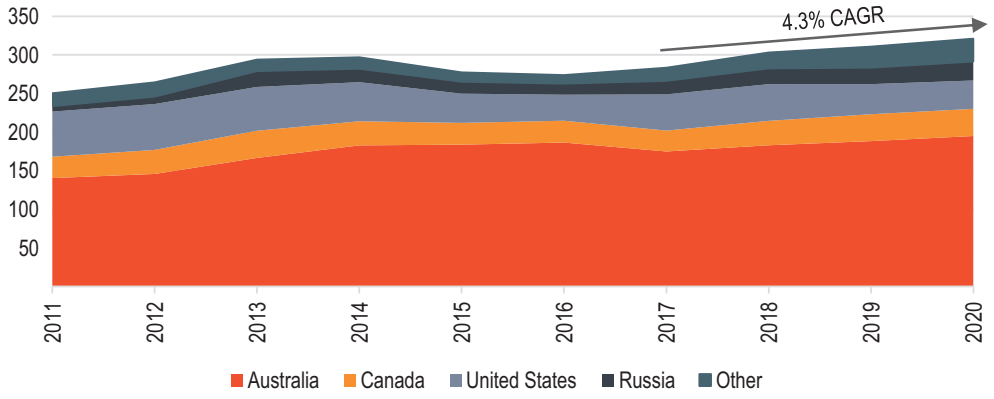
Demand for seaborne export metallurgical coal over the next ten years is expected to shift from a focus on the PRC to India and other emerging markets, particularly in Southeast Asia. The PRC's move from being a net exporter of coal to a net importer was a major contributor to the growth in coal demand in the past decade. The pace of economic growth in the PRC has slowed, and while there is optimism regarding demand in India over the long term the scale of the PRC's boost to demand between 2009 and 2013 is unlikely to be replicated.

Metallurgical coal's primary use is in the production of coke for blast furnace steelmaking, and demand for metallurgical coal is therefore heavily dependent upon crude steel production. Global steel demand growth is expected to increase in the medium term as the PRC's strong property sector and growing infrastructure investment result in higher steel demand. However, as steel demand moves toward more consumer-related sectors such as white goods, demand per capita consumption will begin to level out. The key upside potential to this assumption is the PRC's 'One Belt One Road' policy; the successful implementation of this global infrastructure pathway could see demand per capita continue to rise to the upper end of the demand per capita curve witnessed in developed economies.

In 2017, global crude steel production grew by approximately 4% to 1,688 Mt as steel output was supported by strong demand and prices. In the PRC, crude steel production rose by 3.3% to 832 Mt. Indian crude steel output increased by 6.4% to 102 Mt, benefitting from new projects and robust demand. Finished steel demand is estimated to have grown by 1.3% in 2016 and a further 4.3% in 2017 to reach 1,584 Mt, and is forecast to grow at a CAGR of 1.5% between 2017 and 2020.

## Supply Analysis

AME estimates that the global supply of seaborne metallurgical coal will grow from 283 Mt in 2017 to 321 Mt in 2020, representing a CAGR of 4.3%. Over this period, Australia is forecast to continue to account for approximately 53% of seaborne export metallurgical coal supply. The following chart shows the estimated seaborne metallurgical coal exports from key countries and regions in Mt.

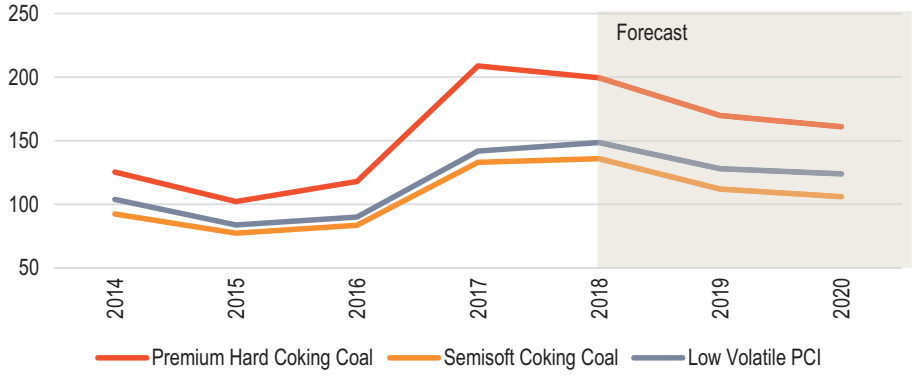



*Source*: Industry Report.

AME estimates that seaborne metallurgical coal supply was 274 Mt in 2016, and in 2017 increased by an estimated 3.5% year on year to 283 Mt. This strong growth is expected to continue in 2018 with supply increasing to approximately 303 Mt. It is estimated that seaborne metallurgical coal supply will hit 321 Mt by 2020, an increase of approximately 17% from 2016, and grow further in the long term to meet the demand growth from India and other industrialising countries.

## Price Analysis

Historically, metallurgical coal prices were negotiated between key Japanese steel mills and large Australian producers on an annual basis. With the rise of spot pricing indices due to the emergence of the PRC and India as large import markets and the resulting pressure on Japanese end users to move to spot pricing, the markets have moved to a quarterly pricing basis. The following chart shows the historical and forecast annual average metallurgical coal prices in US$ per tonne.




*Source*: Industry Report.

With Cyclone Debbie impacting Queensland in the middle of quarterly benchmark negotiations, Japanese steel producers temporarily moved from the negotiated contract system for HCC to a price reflecting the average of the HCC indices. This led to agreement on quarterly premium benchmark prices approximately equal to the concurrent spot prices and representing an average of US$209 per tonne across 2017. AME expects this price to decline in 2018 to US$200 per tonne. The contract prices for low-volatile PCI coal and SSCC continue to be negotiated on a quarterly basis. Metallurgical coal prices are expected to decline further and bottom out in 2020 before increasing in the long term.

## COMPETITIVE LANDSCAPE

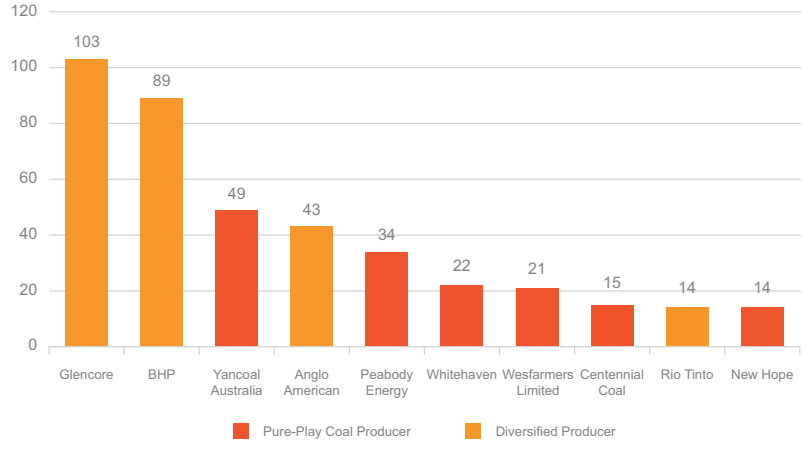
### Market Share Analysis

According to AME, we operate in four distinct market segments: thermal coal, HCC, low-volatile PCI coal and SSCC. Thermal coal accounts for nearly 81% of our overall production (on an attributable basis). Our market share in the seaborne export markets for each of these segments as well as in the Hunter Valley thermal seaborne export coal market, on a pro forma basis (as if the C&A Acquisition had been completed on 1 January 2017) for production in 2017 on a 100% basis, are as follows:

| Product | Seaborne market share |
|---|---|
| Hunter Valley thermal coal | 21% |
| Global thermal coal | 3% |
| HCC | 1% |
| Low-volatile PCI coal | 10% |
| SSCC | 10% |

*Source*: Industry Report.

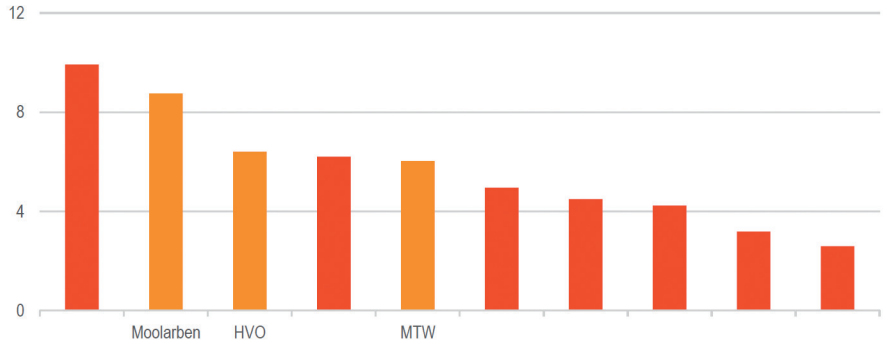
On a pro forma basis, we were the third largest coal producer and the largest pure-play coal producer in Australia in 2017 in terms of both coal production and reserves. The following chart shows the coal production in Mt of the largest coal producers in Australia by production in 2017, on a 100% basis.




*Source*: Industry Report.

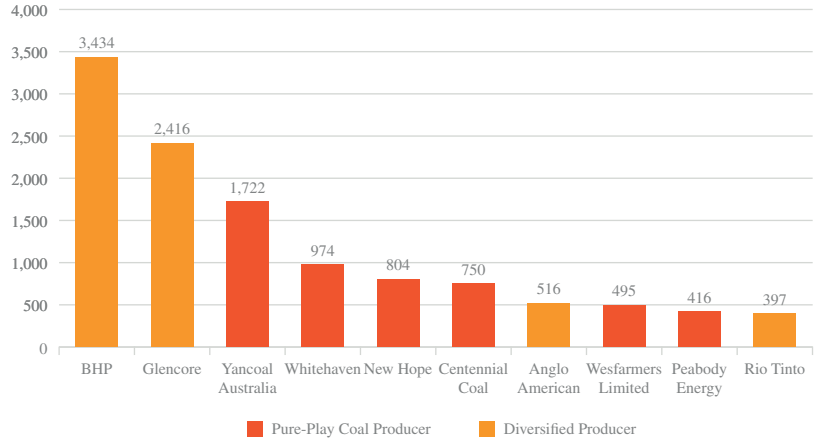
*Note*: On a pro forma basis assuming the C&A Acquisition completed on 1 January 2017.

Moreover, the Moolarben, HVO and MTW mines are three of the top five majority Australian-owned thermal coal mines (meaning mines for which thermal coal comprises at least 50% of saleable production) in terms of aggregate thermal and metallurgical coal production on a 100% basis in the first half of 2018, as shown in the chart below (in Mt).




*Source*: Industry Report.

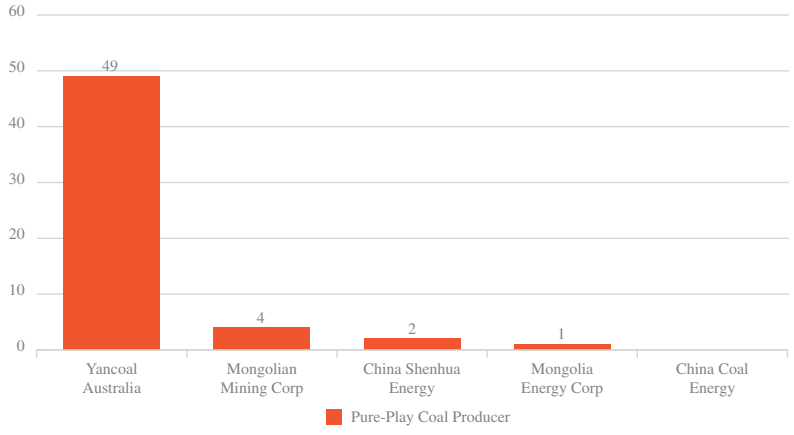
The following chart shows the coal reserves in Mt of the largest coal producers in Australia by reserves in 2017, on a 100% basis.




*Source*: Industry Report.

*Note*: On a pro forma basis for the Company assuming the C&A Acquisition completed on 1 January 2017.

When compared to pure-play coal producers listed on the Stock Exchange, we are the largest exporter of coal and the only coal producer whose coal is entirely sold for export overseas, whether directly, through overseas traders or through other Australian coal companies. Coal producers listed on the Stock Exchange largely operate in the PRC and Mongolia, and as a result are exposed to changes in PRC government policy regarding coal mining and coal imports, including policies such as the 276-working day restriction and closure of the border between the PRC and Mongolia. The following chart shows a comparison of our seaborne coal exports in Mt against that of the largest pure-play coal producers listed on the Stock Exchange by exports in 2017, on a 100% basis.

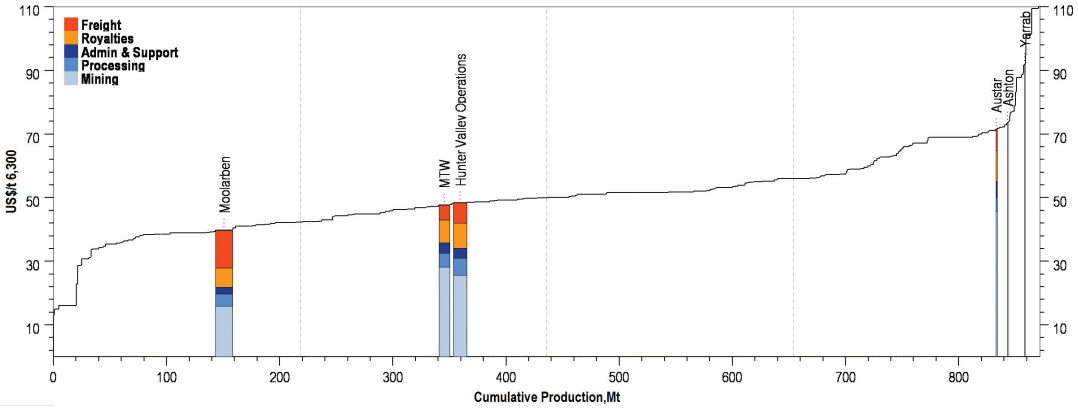



*Source*: Industry Report.

*Note*: On a pro forma basis for the Company assuming the C&A Acquisition completed on 1 January 2017.

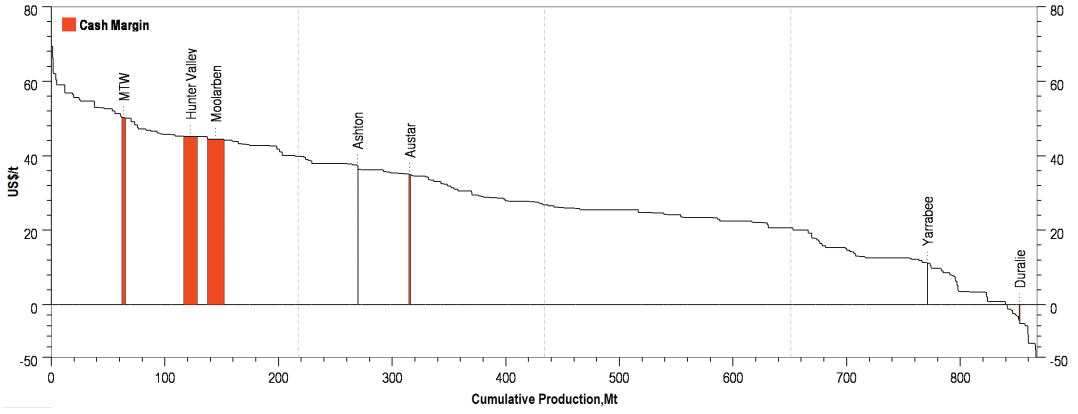
## Cost Competitiveness Analysis

On a cash cost curve, the cash costs of Moolarben, HVO (which is operated as an unincorporated joint venture with Glencore) and MTW, our largest thermal coal production assets which together accounted for approximately 88.7% of the total coal sales (on an attributable basis) from our mines in 2017 on a pro forma basis (as if the Moolarben Acquisition, the C&A Acquisition, the Warkworth Transaction and the Glencore Transaction had been completed on 1 January 2017), are all located in the first and second quartiles. The following chart shows the estimated free on board ("**FOB**") cash cost curve for 2018 of our thermal coal producing assets in US$ per tonne on a calorific adjusted basis.



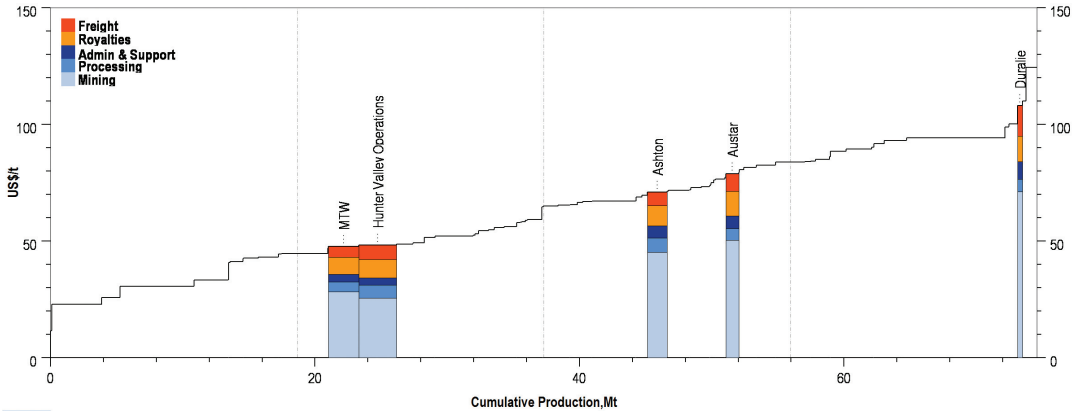

*Source*: Industry Report.

On a cash margin curve, the majority of our thermal coal production is located in the first and second quartiles, accounting for the higher pricing received for higher quality offsetting higher cost of production. The following chart shows the estimated FOB cash margin curve for 2018 of our thermal coal producing assets in US$ per tonne.



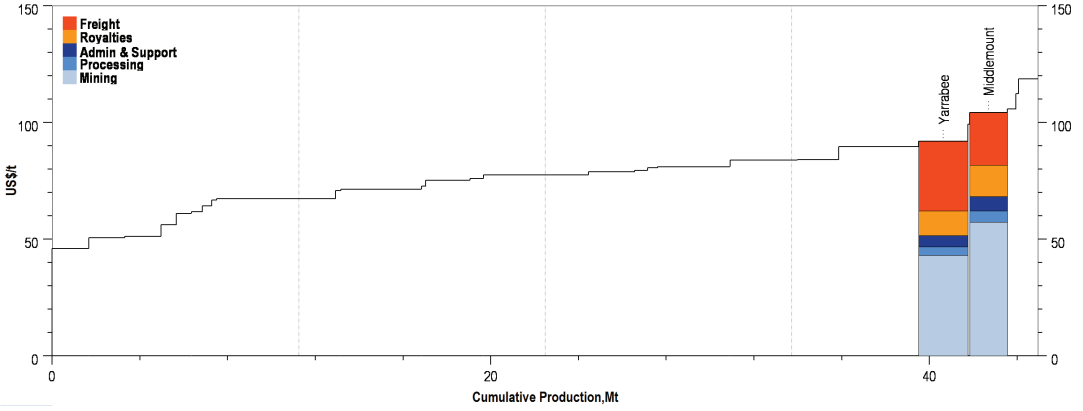

*Source*: Industry Report.

As most of our SSCC is produced at our large-scale thermal coal operations in the Hunter Valley, the cash costs for these are relatively low. The following chart shows the estimated FOB cash cost curve for 2018 of our SSCC producing assets in US$ per tonne.



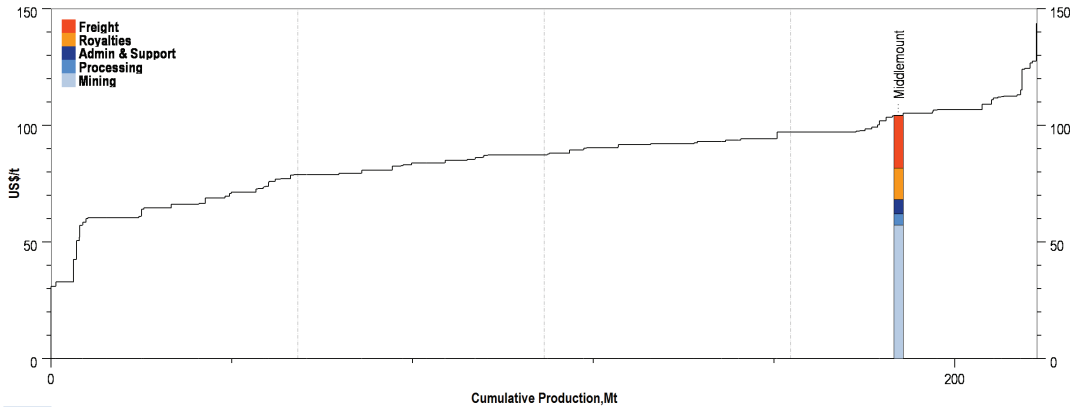

*Source*: Industry Report.

Our low-volatile PCI coal production is sourced from Middlemount and Yarrabee, where higher strip ratios and complex geology result in higher operational costs. The following chart shows the estimated FOB cash cost curve for 2018 of our low-volatile PCI coal producing assets in US$ per tonne.



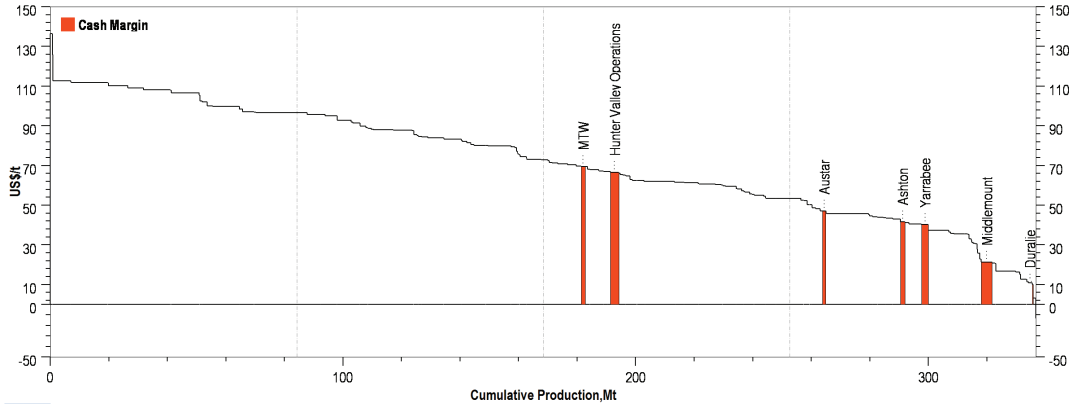

*Source*: Industry Report.

The following chart shows the estimated FOB cash cost curve for 2018 of our only HCC producing asset, Middlemount, in US$ per tonne.




*Source*: Industry Report.

As our metallurgical coal operations typically produce lower priced coal, these products have lower margins despite our operations having moderate costs. The following chart shows the estimated FOB cash margin curve for 2018 of our metallurgical coal producing assets in US$ per tonne.




*Source*: Industry Report.