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ASX ANNOUNCEMENT

Addendum to Announcement on increased JORC Inferred Resource at Bundaberg

Highlights

- **On 17 December 2013 ICX released an announcement regarding results from recent drilling at EPC 2196 Bundaberg.**
- **The announcement referred to an updated JORC Inferred Resource reported at the project of 39.7 Mt under the JORC 2012 Code which became effective on 1 December 2013.**
- **An Exploration Target was also included.**
- **These Inferred Resource and Exploration Target tonnages have not changed.**
- **However, Section 3 of Table 1 under the JORC Code was omitted and is now included in this addendum.**
- **Further information is also provided in relation to drilling, sampling and estimation techniques used to develop the JORC Inferred Resource and Exploration Target estimates to provide increased transparency and clarity around these estimates and to ensure compliance with Listing Rule 5.8.1 and clause 17 of the JORC Code**

Bundaberg Project Drilling Results

23 December 2013: International Coal Limited (ASX: ICX) announced a 33% increase to its JORC Inferred Resource at its hard coking coal project near Bundaberg (EPC 2196). The announcement also noted that a previous Exploration Target had been adjusted to 20-45Mt following recent drilling on the tenement.

Section 3 of Table 1 under the JORC Code was omitted and is now included in this addendum at **Appendix 1**.

Further information is also provided in relation to drilling, sampling and estimation techniques used to develop estimates of the JORC Inferred Resource and Exploration Target to provide increased transparency and clarity around the estimate of the Inferred Resource and Exploration Target and to ensure compliance with Listing Rule 5.8.1.

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Exploration Target

The Exploration Target (20 to 45Mt[1]) announced in the body of the announcement is an update on the previous exploration announced on 25th March 2013.

An Exploration Target is a statement or estimate of the exploration potential of a coal deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of quality, relates to a coal occurrence for which there has been insufficient exploration to estimate a Mineral Resource.

It should be noted that the tonnages quoted in the Exploration Target are conceptual in nature and there has been insufficient exploration to define a coal resource. Although a preliminary analysis was undertaken, insufficient data exists to confidently correlate coal seams. It is uncertain whether further exploration may lead to the reporting of a JORC-standard resource, however, there is some evidence to support the current Exploration Target tonnage calculations, and the sufficient coal thicknesses interpreted from historic drilling to warrant further investigation in some areas.

The Exploration Target was defined based on results of two recent holes drilled (chip holes with wireline logs and las format) at EPC 2196 (BUN0012P and BUN0013P), three previously drilled and cored holes (BUN006C, BUN 010C and BUN 011C), and several other historical company boreholes. This target will now be included for consideration in further exploration programs planned for EPC 2196 in 2014. The market will be updated on the nature and exact timing of further exploration programs following consideration of these results.

A table (**Figure 1**) summarising the method of calculating the exploration target and the ranges for the parameters used is provided below.

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Figure 1 – Exploration Target Calculation Parameters

Formation	Year	EPC	Area (km^2)	Thickness Range (m)	Relative Density range[1]	Raw Ash % range	Raw Crucible Swell Number Range	Gross Tonnage Range (Mt)	Unexpected Geological Loss[2] (%)	Exploration Target[3] (Mt) Lower Bound	Upper Bound
Burrum Coal Measures	Feb 2013	2196	4.87	3.6-7.1	1.42-1.45	30-50	2-7	24.9 – 50.1	20	20	40
Burrum Coal Measures	Dec 2013	2196	12.2	1.4-3.0	1.42-1.45	25-45	2-7	24.0 - 53.0	15	20	45

[1]The Burrum Coal Measures has been given an average, wet, in-situ relative density of 1.45 g/cc, however the F and G seams have been assigned an average density of 1.42, due to their lower raw ash contents. These are to approximate wet, *in situ* densities as no moisture holding capacity tests exist to calculate the Preston and Sanders corrections.

[2] Unexpected geological loss mainly due to seam splitting and thinning over large distances between boreholes.

[3] It should be noted that the tonnages quoted above are conceptual in nature and there has been insufficient exploration to define a coal resource. Although a preliminary analysis was undertaken, insufficient data exists to confidently correlate coal seams. It is uncertain whether further exploration may lead to the reporting of a JORC-standard resource however there is some evidence to support the current exploration tonnage calculations, and the sufficient coal thicknesses interpreted from historic drilling to warrant further investigation in some areas.

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Geology and geological interpretation

The Maryborough Basin contains:

- Terrestrial and marine sedimentary sequence up to 10km thick;
- Late Triassic to Early Cretaceous age with some volcanic rocks;
- Sedimentary sequences is composed of fluvial sandstone overlain by fluvio-lacustrine coal measures;
- Unconformable volcanic and pyroclastic flows of Late Jurassic age overlie the coal measures and are in turn overlain by Cretaceous deltaic to marine sedimentary rocks, up to 5km thick .

General Structure characteristics are as follows

- Seams dip east at 6-12 degrees on the western limb of the
- Bundaberg Anticline;
- Presence of faulting is not yet identifiable.
- The Burrum Coal Measures conformably overlie the Maryborough Formation in the east of the basin;
- The coal measures can be subdivided into three units;
- The upper and lower units are composed of interbedded sandstones and siltstones with no coal seams;
- The middle unit is approximately 500 metres thick and contains mainly shale with thin coal seams;
- Drilling in the south of basin has identified 13 separate coal seams and six of these have been mined.

Local coal Seam Geology can be summarised as:

- The coal seams are characteristically lenticular and are often split by shale and sandstone bands.
- Working thicknesses of individual seams have been recorded at more than 1m and in some occurrences the coal seams are up to 2m thick.

Sampling and sub-sampling techniques

All coal core was double bagged on site and transported to the laboratory for testing. Bureau Veritas Laboratory, Brisbane, comply with Australian Standards for sample preparation and sub sampling.

All coal samples were crushed to a top size of 12.5mm before analysis.

Drilling techniques

All coal quality holes were cored (partially or fully) using a HQ size barrel (63 mm core diameter). Structural holes were fully chipped using blades or hammer and mud drilling fluids. A full list drill holes and drilling methods have been previously published to the ASX on 25th March and 31st October 2013.

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Classification criteria

Exploration drilling has been conducted on a grid, spaced at 2,500 m along strike. Nearest neighbour analysis suggests that the RMS Borehole density spacing is currently 1,800m for the whole deposit/model area.

The current data within the Bundaberg coal deposit demonstrates, with sufficient confidence, that the deposit has lateral continuity. As such, data has been extrapolated a maximum of 2,600 m past the last drill hole, or the lease boundaries, whichever is encountered first.

Sample analysis method

Bureau Veritas Laboratory, Brisbane, comply with Australian Standards for sample preparation and sub sampling. All coal samples were crushed to a top size of 12.5mm before analysis.

All geophysical tools were calibrated prior to arrival on site. A standard suite of geophysical sondes was run, including both long and short-spaced density calibrate internally to units of relative density (g/cc).

Estimation methodology

This data was loaded into the Minescape mine planning system from which geological models were constructed. Validation of compiled data, and models, were completed at the relevant stages. Constraints on the Inferred Resources are as follows:

1. Coal seams not intruded or not outside the tenure boundaries;
2. Coal thicknesses <0.2m excluded;
3. The depth range of calculation was from the base of weathering to 450m below natural topography;
4. Coal seams >55% adb from coal quality or estimated from downhole density logs (in g/cc) excluded from the calculations;
5. A discount factor varying from 10-20% has been subtracted from the initial calculation for unexpected geological losses. This accounts for unexpected conditions such as seam thinning, splitting, or seams missing in barren zones around faults;
6. The mine planning package used was Minescape and seam structure and thickness contours were generated using standard modelling algorithms and methodologies. Inferred masks were generated from base circles drawn 2,600m between Points of Observation;
7. Points of Observation were defined as those boreholes that had known surveyed positions, detailed lithological logs and coverage of the target coal seams with a suite of downhole geophysical logs that must include density in units of Kg/m3.

Cut-off grade(s)

Stringent cut-off parameters were applied to the coal plies thus:

- · <0.2m excluded (for reporting);
- · >1.76 kg/m3 relative density (air-dried basis) excluded;
- · >55% raw ash excluded;
- · Plies above the base of weathering excluded;
- · >520m depth below the ground surface excluded;

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From the cross-correlations established (for example see Figure 6 in Appendix 3 of the announcement on 17 December 2013 which shows wet insitu relative density vs raw volatile matter) it is objectively possible to estimate a range of raw coal quality parameters, based on correlations of historical and company laboratory data available, including the basis for the selected cut-off grade(s).

This data was loaded into the Minescape mine planning system from which geological models were constructed. Validation of compiled data, and models, were completed at the relevant stages. Full float/sink washability coal quality data is becoming available progressively for the boreholes within the EPC, and the geological model is being progressively updated to match the existing borehole data. Modelling cut-offs applied were: seam thickness greater than 0.05m (the actual reporting cutoff was 0.2m), and a maximum search distance of 5,000m.

Mining and metallurgical methods and parameters

As reported on 25 March 2013, clean coal composite results from the key target seams, GU, GL1 and GL2 showed crucible swell numbers (CSN) between 8-9 (CF1.50), maximum Gieseler Fluidity (2500 ddpm), average ash of 9.5%, average calorific value of 7,450 kcal/kg at yields of 50%-65%.

Borehole BUN011C results have also been published, and this borehole is located within one of the Exploration Target masks due to higher ash contents of the main working section seams and the fact that the seams thin at that location. A typical range of product qualities in the Exploration Target mask area would be crucible swell numbers (CSN) between 4-7 (CF1.50), maximum Gieseler Fluidity (2500 ddpm), range of product ash of 12.0% - 22%, calorific value of 6,800-7,100 kcal/kg at yields of 30%-55%.

JORC Inferred Resource

A JORC Inferred Resource was reported on 17th December 2013 based on the modelling completed in Ventyx's Minescape software and the geological and drilling data and parameters provided above. A table summarising this resource estimate was provided in Appendix 3 to the 17 December 2013 announcement and is here provided in the body of this addendum (**Figure 2**).

Figure 2 – JORC 2012 Inferred Resource Estimate

Formation	Inferred Tonnage	Raw Ash %adb	Raw Volatile Matter %adb	Raw Crucible Swell Number	Raw Total Sulphur %adb
Burrum Coal Measures	37.9	22.5	25.8%	7.0	0.69

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Summary

The joint venture at Bundaberg continues to produce positive results for ICX shareholders. The Company believes the information provided in this addendum will provide further clarity and transparency to our previous release.

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Appendix 1: JORC 2012 Table 1 – Section 3 (Estimation and Reporting of Mineral Resources)

Criteria	JORC Code explanation	Commentary
Database integrity	*Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* *Data validation procedures used.*	The JV stores exploration data within Ventyx's GDB database software that has several levels of validations. Data is also validated by ROM Resources and internal by checks run in the Minescape Stratmodel software
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* *If no site visits have been undertaken indicate why this is the case.*	ROM personnel have been to site to inspect the general locality, but not whilst drilling activity was occurring. ROM has relied upon drilling reports and raw data supplied directly by the ICX/QCI JV as its main source of recent geological data.
Geological interpretation	*Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* *Nature of the data used and of any assumptions made.* *The effect, if any, of alternative interpretations on Mineral Resource estimation.* *The use of geology in guiding and controlling Mineral Resource estimation.* *The factors affecting continuity both of grade and geology.*	Whilst no recent 2D seismic surveys have been undertaken, the combination of past geological mapping, combined with recent deeper drilling has meant that the drill hole density at the Bundaberg Deposit allows good level of confidence in the nature of seam splitting, the location of subcrops and general location of any faults. So far no large throw faults have been detected, but it is recommended that further drilling is undertaken to pin point the exact location, throw and angle of any small faults (throws <5m).
Dimensions	*The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	The coal extends approximately 5,000m along strike and approximately 3,000 m perpendicular to strike with an approximate average cumulative thickness of 4 m. The depth of first coal ranges from 36 m in the west and 560 m in the east. Different levels of variability in seam thickness and raw coal quality are seen in the different seams estimated and this variability is reflected in the unexpected geological loss discount factors assigned to each seam.

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Criteria	JORC Code explanation	Commentary
Estimation and modelling techniques	*The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* *The assumptions made regarding recovery of by-products.* *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* *Any assumptions behind modelling of selective mining units.* *Any assumptions about correlation between variables.* *Description of how the geological interpretation was used to control the resource estimates.* *Discussion of basis for using or not using grade cutting or capping.* *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	The geological model was constructed using Ventyx's Stratmodel modelling package, using an FEM interpolator 0 parameters for thickness, surface and trend respectively. A maximum distance of 2,000 m from a data point was used. Limits were placed on the JORC Resource Estimate in line with acceptable industry standards. As no previous mining has taken place and there is no surface outcrop of the Burrum Coal Measures at this locality (the former unit being covered by 5-30m of Tertiary sedimentary rocks (Elliot Formation), the geological model totally relies on sub-surface information provide by vertical boreholes. Depth Subsets - ROM were instructed by the ICX/QCI JV that the limit of potential underground resources was delineated by the depth of the roof of the GU seam being no more than 520 m from the surface. Minimum Thickness -Where the depth to the roof of the GU is less than 520 m a minimum seam thickness of 0.2 m and stone bands greater than 0.3 m in thickness are not included in the seam. Borehole densities are insufficient to currently report to Indicated or Measured Resources
Moisture	*Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	Tonnages are estimated using calculated Preston Sanders In-situ density using air dried moisture, total moisture and moisture holding capacities from coal samples. As no MHC has yet been analysed a derived moisture, based on coals

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Criteria	JORC Code explanation	Commentary
		from similar basins and rank in Australia was used.
Cut-off parameters	*The basis of the adopted cut-off grade(s) or quality parameters applied.*	Maximum Raw Ash Percentage - A maximum raw ash percentage of 55 %, air dried basis, has been applied to the Resource Estimate .
Mining factors or assumptions	*Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	It is ROM's opinion that at this stage of project development there are no limiting environmental factors. It is also too early in the evaluation process to discuss mining methods and mining dilution. However preliminary investigations suggest that a viable underground mining working section is possible from varying combinations of the GU, GL1 and GL2 seams, which infers that parting of 0.3-0.7m will be included in the working section. Mining by bord and pillar methods are possible but at this early stage it is impossible to speculate on the economic, technical or environmental aspects of longwall mining.
Metallurgical factors or assumptions	*The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	None made
Environmental factors or assumptions	*Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation.*	not applicable, too early in the project

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Criteria	JORC Code explanation	Commentary
	While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	
Bulk density	*Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	Preston Sanders Insitu Relative Density Estimation - The insitu density of the coal seams has been estimated using the Preston Sanders insitu relative density estimation equation. Due to the banded nature of coal seams in the Maryborough Basin, different bed moisture values have been assigned to the low ash, high ash and in seam stone samples as follows: • Samples with raw ash, air dried basis (adb). less than 40 %, were assigned a bed moisture of 8 %. • Samples with raw ash (adb) of 40 % to 60 %, were assigned a bed moisture of 6 %. • Samples with raw ash (adb) greater than 60 %, were assigned a bed moisture of 5 %. The bed moisture values were derived from total moisture values that have been conducted on all samples and from public domain information published by the New Hope Corporation regarding the Colton Deposit (85km to the south; which is also looking to exploit coal seams in the Burrum Coal Measures
Classification	*The basis for the classification of the Mineral Resources into varying confidence categories.* *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and*	Only one (1) Resource categories have been identified in the Bundaberg Deposit area dependant on the level of confidence in the seam structure and continuity plus the level of variability in the coal quality data. Each seam has been considered separately applying three rationale as follows: Rationale 1 - The F, GU, GL1, GL2 and H1 seams have less

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Criteria	JORC Code explanation	Commentary
	distribution of the data). *Whether the result appropriately reflects the Competent Person's view of the deposit.*	variability in their structure and continuity, and raw coal quality data, leading to a moderate to high confidence in the seam data. Notwithstanding this distances between Points of Observations were set conservatively, especially for the Inferred Resource category as follows: Measured – 500 m (distance between PoO) Indicated – 1,000 m Inferred – 2,600 m
Audits or reviews	*The results of any audits or reviews of Mineral Resource estimates.*	No audits of the Resource Estimate have been conducted for the November update, but the February initial resource estimate was auditted by Runge Limited who found the model "fit for purpose" and in a counter-estimate found similar tonnages to those estimated by ROM.
Discussion of relative accuracy/ confidence	*Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	No geostatiscal studies have carried out yet on the Bundaberg deposit, but nearest neighbour and other univariate statistical studies of the GU Floor data highlighted that the RMS nearest neigbour spacing was 1800m and that likely relative errors on the volumes calculated likely to be in the range of 20 -35%, which is consistent for Inferred Resources.