

## ASX ANNOUNCEMENT

3 November 2010

### Drilling Commences New Target Areas - Tiaro Coal Measure Metallurgical Coal Project

#### Program

An exploration program has commenced with the objective to continue identification and measurement of seam correlation in T9 and Munna Creek targets (Phase One).

A further program of scout drilling in recently identified target areas in gravity low occurrences is also underway (Phase Two).

#### Summary

- Two exploration programs comprising 6,000 metres over 40 drill holes at an average depth of 150 metres;
- Drilling has commenced in EPC 956;
- Exploration programs have two independent objectives:
  - Continuing to identify and measure seam correlation in T9 & Munna Creek targets in EPC 956; and
  - Scout drilling in gravity low targets testing seam thickness and coal quality attributes in 12 other gravity low occurrences;
- Coal assays to test coking and energy performance; and
- Further gravity station measurement extending throughout target areas to assist precision drilling decisions.

#### Exploration

The Tiaro tenement area continues to exhibit good rapid drying characteristics after recent heavy rainfall.

The two-phase exploration program continues to build knowledge in multi-location coal exploration targets (13 in number) located across six EPCs of approximately 1,302 square kilometres in size (see **Figure 1**).

#### Phase One - EPC 956 and EPC 957

The work in the next phase of exploration in EPC 956 and 957 is to undertake an infill-drilling program in the T9 / Munna Creek area to determine the lateral extent and correlation of the potential higher-value coal seams that may eventually lead to the delineation of an inferred resource.

All drilling programs will be completed with geophysical logging support & coal assays of samples will continue to test coking & energy qualities

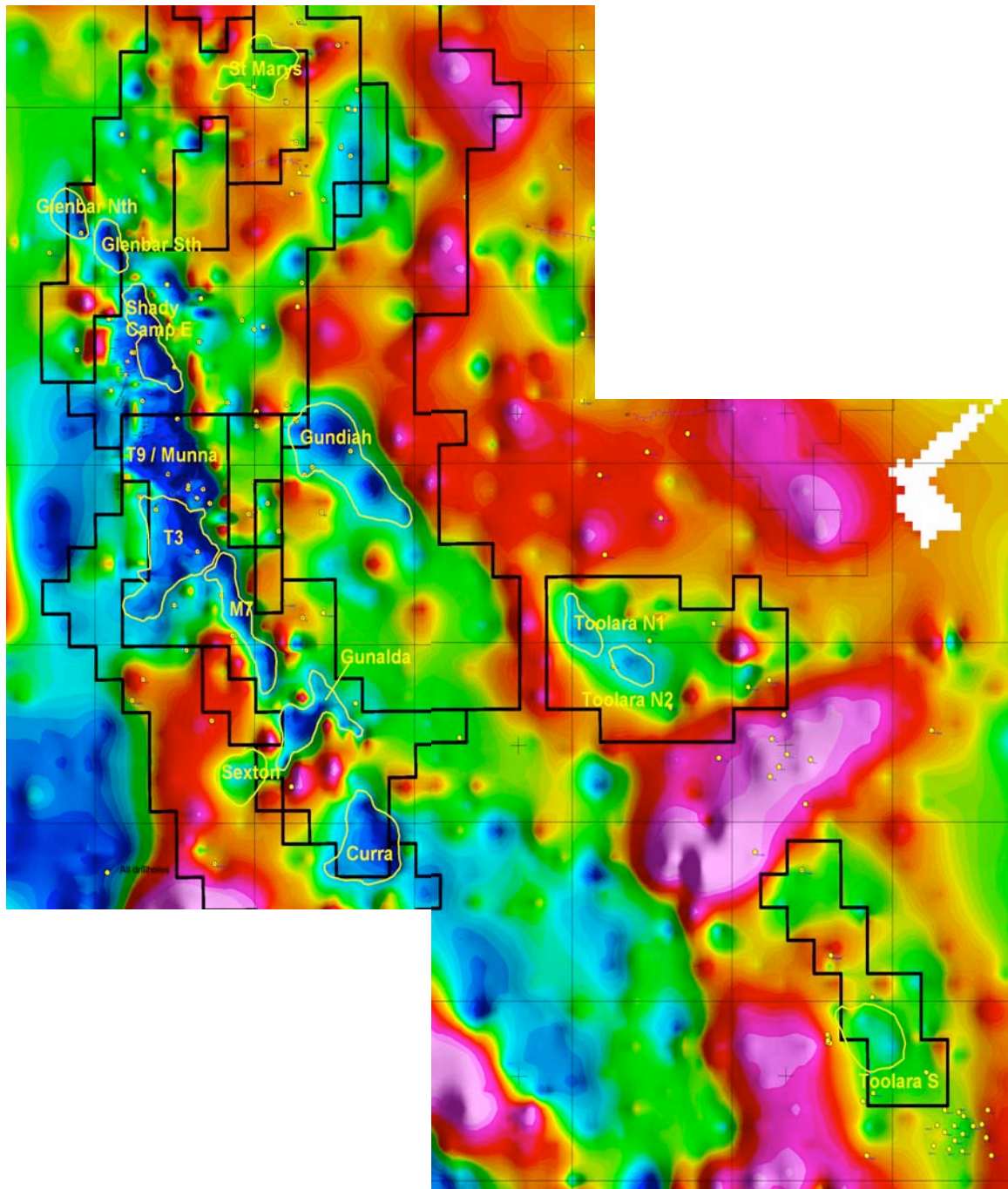


Figure 1 - 13 Targets against the background of a Gravity Low Occurrence



Phase Two - EPC 972, EPC 967, EPC 1552, EPC 1540 and 2 applications pending

The following summarises the activities planned:

Tenement	Project Name	Tenement Area	Exploration Work / Activity
EPC 972	Tiaro Extended	144 sq kms	Gravity Low Survey Geophysical Assessment Stratigraphical Drilling Campaign Planned
EPC 967	Wolvi	180 sq kms	Stratigraphical Drilling Campaign Planned
EPC 1553	Gunalda	192 sq kms	Gravity Low Survey Geophysical Assessment Stratigraphical Drilling Campaign Planned
EPC 1540	Gootchie	399 sq kms	Geological Assessment

For further information please contact:

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#### STATEMENT OF COMPLIANCE

The information in this report that relates to Exploration Programs are based on information compiled by Jacob Rebek who is a member of Australian Institute of Mining and Metallurgy. Mr. Rebek is a qualified geologist and is a director of Tiaro Coal Limited.

Mr. Rebek has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of exploration Results, Mineral Resources and Ore Resources. Mr. Rebek consents to the inclusion in the report of the matters based on information in the form and context in which it appears.