

13 April 2010

## Drilling commences – JORC resource potential

### EPC 956 and EPC 957

Following improvement in ground conditions following the recent cyclonic rain in southern Queensland a drilling program comprising thirty six RC holes totaling approximately 5,040 metres at an average depth of 140 metres will commence next week.

All regulatory and landowner approvals are in place.

As previously reported in Tiaro's 2009 annual report the target zone for the upcoming drilling program has doubled in size from approximately 45 square kilometres to 90 square kilometres.

Figure 1 shows a revised definition of the target zone (3 – 6km wide, 15km long target zone outlined in red) that has been defined on the following basis:

- results of drill holes completed to date;
- data from 2008 magnetic and spectral radiometric surveys; and
- data from new detailed gravity survey.

The target zone still remains open toward north and south. Large parts of the target zone remain to be tested by drilling.

The target zone includes Shady Camp, T9 and Munna Creek targets.

Earlier exploration work carried out in these tenements consisted of:

<b>Tiaro Coal Dynasty Joint Venture (TCJV- Dynasty JV) activity at 31 December 2009*</b>	<b>EPC 956</b>	<b>EPC 957</b>
Area under licence (sq kms)	264	252
No. of RC / open percussion holes drilled	22	27
Drilled meterage of RC / open percussion	2520m	2979m
No. of diamond core holes drilled	6	4
Drilled meterage of core (including open precollars)	884m	757m
Meterage of geophysical wireline logging (max density log depth)	2874m	3096m
No. of samples submitted for raw coal analysis	164	248
Seismic Line Survey (approx kilometres)	3.6	10.7
Gravity survey (Number of measuring stations)	180	80

\*does not include pre-TCJV data prior to 2005

Tiaro's technical director, Mr Jacob Rebek is of the view, based on earlier exploration work, that a coal resource of 20 to 30 million tonnes is achievable in the target zone. This includes a resource target in the order of 5 million tonnes of high quality coking coal with 9% ash in washed product at a yield of 68% (Figure 2).



## Other Exploration Areas

In addition to EPC 956 and EPC 957 the TCJV holds other extensive areas of the Tiaro Coal Measures (Figure 3). These holdings and the exploration work carried out to date is summarized below:

<b>Tiaro Coal Joint Venture (TCJV) activity at 31 December 2009*</b>	<b>EPC 967</b>	<b>EPC 972</b>	<b>EPC 1151</b>	<b>EPC 1553</b>	<b>EPC 1540</b>
Area under licence (sq kms)	696	228	537	192	399
No. of RC / open percussion holes drilled	26	4	0	0	0
Drilled meterage of RC / open percussion	2438m	272m	0	0	0
No. of diamond core holes drilled	2	0	1	0	0
Drilled meterage of core (including open precollars)	550m	0m	202m	0	0
Meterage of geophysical wireline logging (max density log depth)	2230m	257m	106m	0	0
No. of samples submitted for raw coal analysis	4	0	0	0	0
Seismic Line Survey (approx kilometres)	10.1	4.7	0	0	0
Gravity survey (Number of measuring stations)	0	40	0	0	0

\*does not include pre-TCJV data prior to 2005

Systematic exploration work is underway in these tenements including geological mapping and gravity surveying to better delineate targets for drill testing.

Additionally, the TCJV is awaiting determination by the Queensland Government Department of Mines and Energy of grant of permits for three other areas with potential for coal discovery consisting of:

- EPCA 1264 (Isis) comprising 300 sub-blocks;
- EPCA 1269 (Duckinwilla) comprising 300 sub-blocks; and
- EPCA 1618 (Tinana Creek) comprising 101 sub-blocks.

Assessment of data has identified potential for :

- (a) geological setting similar to that in EPC 956 and EPC 957;
- (b) three gravity targets areas similar to the main gravity target in EPC 956 and EPC 957; and
- (c) the occurrence of a potential small anthracite deposit.

## Statement Of Compliance

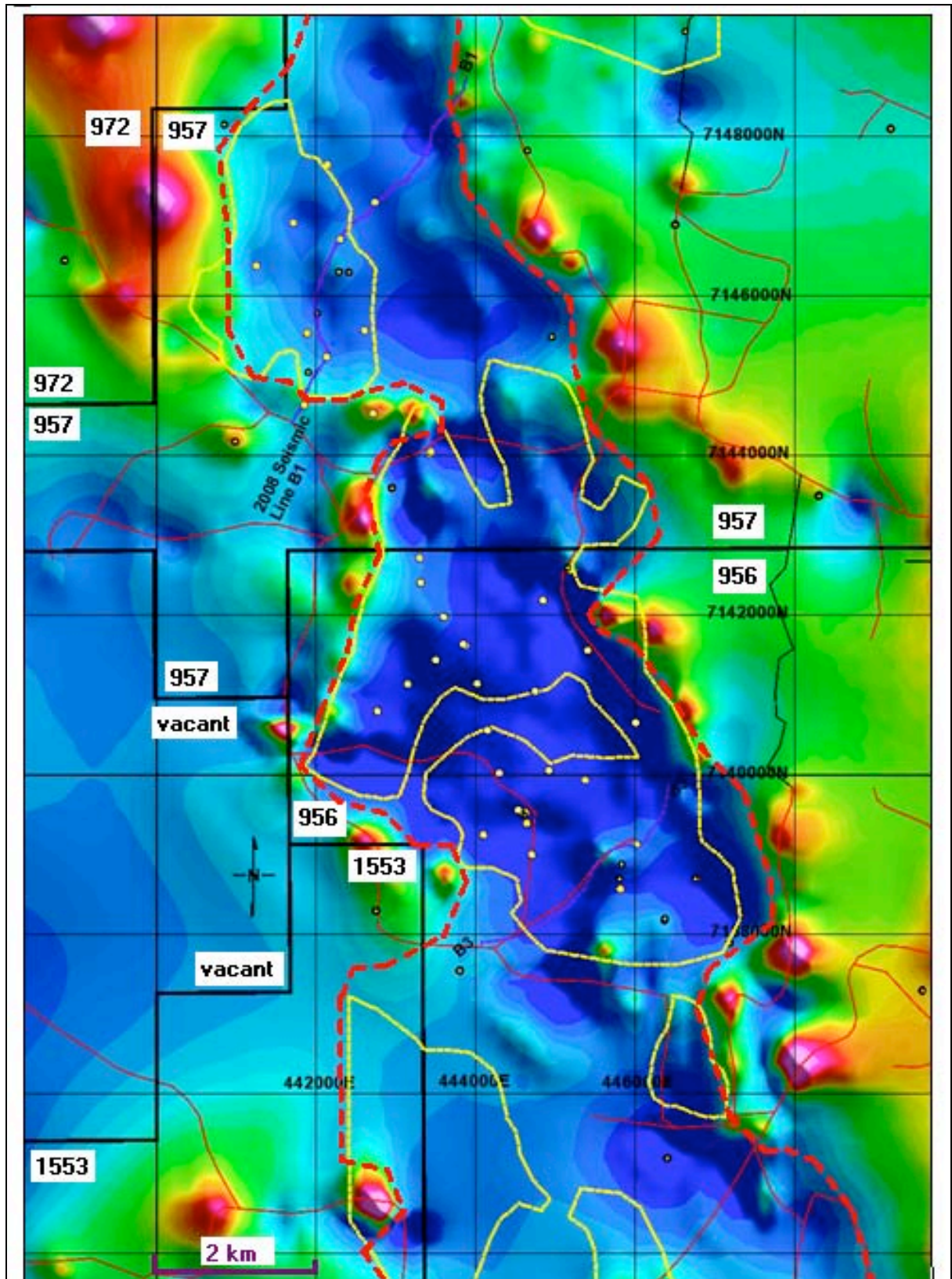
The information in this report that relates to Exploration Programs covering EPC 956, EPC 957, EPC 967 and EPC 1151 are based on information compiled by Jacob Rebek who is a member of Australian Institute of Mining and Metallurgy. Mr. Rebek is a qualified geologist and is a director of Tiaro Coal Limited.

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.

## Further Information

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Figure 1



Tiaro Joint Ventures - 2009 Gravity Survey (merged with Geoscience Aust data); Final Bouguer Anomaly - First Vertical Derivative (500m grid) showing a new definition of the target zone (a 3 - 6km wide, 15km long target zone outlined in red); existing drill holes are indicated as yellow dots.

Figure 2

Laboratory analysis of coal samples taken during the 2009 drilling programme (conducted between 4th May and 15th June 2009) at Munna Creek (EPC 956) where 17 holes were drilled continued. During that campaign coal was intersected in all holes. Of particular interest was hole CTD 073 which intersected several coal seams, including a 1.11m thick coal seam (31.35 - 32.46m) as seen in the table below.

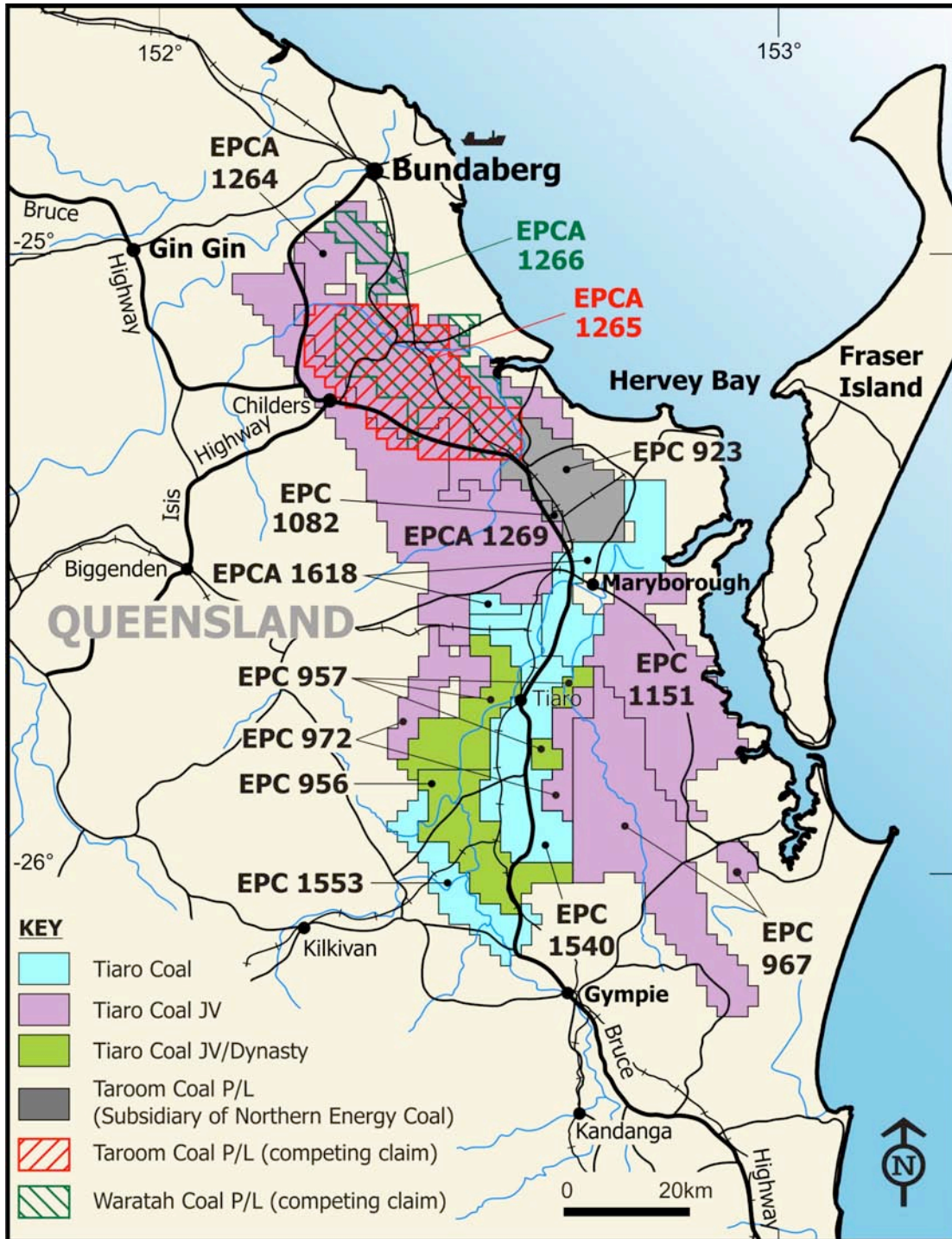
**EPC 956 - Hole CTD 73: (31.35 - 32.46 metres)**



Coal Property	Specification
Inherent Moisture %	1.5
Ash %	9.1
Volatile Matter %	37.3
Total sulphur %	0.56
Phosphorous %	0.165
CSN	8
Gray King Coke Type	G11
Maximum Fluidity ddpm	3600
Fluidity Plastic Range Degree C	65
Total dilatation	116
Vitrinite % Volume	93.7
Reflectance Ro Max %	0.81
Alkalis in ash %	5.23
Calorific value MJ/Kg	27.46
Calorific value kcal/Kg	6560

# TIARO COAL

Figure 3



Extent of Tiaro's coal interest at 13 April 2010