

QUARTERLY ACTIVITIES STATEMENT FOR THE PERIOD ENDING 30 JUNE 2011

This quarterly report is dated 29 July 2011 and is for the three months ending 30 June 2011.

Tiara's business objectives:

- To undertake exploration in the Tiara Coal Measures for coal deposits with the potential to produce metallurgical (coking, PCI) and thermal coal.
- To develop a substantial volume of export trade in coal and other bulk commodities in partnership with China Qinfa Group.

Tiara Coal Limited (30 June 2011)	ASX: TCM
Listing Date	3 March 2008
Share Price	\$0.28
Shares on Issue	81,203,443
Unlisted Options	Nil
Market Cap	\$22.74 million
Total number of investors	550

Major Shareholders

Hudson Resources Limited (ASX: HRS)	39.2%
China Qinfa Group Limited (HKSE: 866)	26.4%

Quarterly Highlights:

- \$5 million placement finalised
- Tiara joint venture interest increases
- Tiara completes agreement with Guildford Coal Limited over Galilee Basin Project.
- Successful Shallow Seismic Survey acquisition completed
- Regional drilling program commences

Tiara Coal Limited (**Tiara**) is an Australian mining company undertaking exploration for commercially viable coal deposits with the potential to produce metallurgical (coking, PCI) coals from the Tiara Coal Measures and other coal prospective areas with good infrastructure.

Since listing, Tiara has successfully completed coal exploration programmes consisting of:

- a detailed airborne magnetic and radiometric survey, to enable better selection of target zones for follow-up exploration;
- seismic surveys to define target zones with flat lying strata;
- a regional gravity survey, and follow up surveys to define targets for drilling (**Figure 2**);
- drill testing of the targets to find coal deposits;
- follow up drill testing on EPC 956 and EPC 957 to define deposits of high value (metallurgical) coal.

A JORC definition program has commenced at T9 / Munna (EPC 956) with the completion of the acquisition stage of the reflection seismic survey. This will be followed by infill drilling in targets where the best coal intersections have been obtained in previous drilling programmes.

Exploratory drilling on new gravity targets on Tiara's other tenements commenced in the June quarter and is continuing.

The tenements cover a large part of the known exposures of the Tiara Coal Measures within the Mesozoic Maryborough Basin, located between Gympie and Maryborough in southeast Queensland.

The area is well serviced by nearby infrastructure, including manpower, mining support services, road, and rail and port facilities. The main Brisbane-Gladstone rail line bisects the exploration tenements.

CORPORATE

Galilee Project Tenement acquired by Guildford Coal Limited

On 20 April, Tiara completed the transaction with Guildford Coal Limited (Guildford), with respect to EPC 1260 located approximately 230km southwest of Townsville, situated towards the northern boundary of the Galilee Basin near Pentland. It consists of 133 sub-blocks (399 sq km) (**Figure 3**).



Guildford acquired a 51% interest upon payment of \$3.3m and has a \$5m sole funding commitment to the exploration and development of EPC 1260. Tiaro acquired its interest in EPC 1260 in 2010 from Bundaberg Coal Pty Ltd and retains a 40% interest in the tenement.

The tenement is part of Guildford's White Mountain Project and according to Guildford, EPC 1260 has a potential Exploration Target of 0 to 745 million tonnes of Galilee Basin thermal coal.

Guildford has commenced drilling and has commissioned a second drill rig to accelerate the program.

Annual General Meeting

On 27 May 2011, Tiaro held its Annual General Meeting. All resolutions put to the meeting were passed on a show of hands.

\$5 million placement

On 15 June 2011, Tiaro finalised a placement of 20 million fully paid ordinary shares to raise \$5 million (before costs).

The shares are to be issued in accordance with a resolution passed by shareholders at the Annual General Meeting on 27 May 2011. The resolution approved the placement of up to 20,000,000 shares at an issue price of not less than 80% of the average market price calculated over the past five days on which sales in the shares were recorded before the day on which the issue was to be made.

Tiaro Coal Joint Venture

Tiaro through its wholly owned subsidiary Tiaro Energy Corporation Pty Limited (**TEC**) is a participant of the Tiaro Coal Joint Venture (**TCJV**), together with Core Coal (Qld) Pty Limited (**Core Coal**) and Jandale Pty Limited (**Jandale**).

During the June quarter Core Coal and Jandale elected not to contribute toward exploration expenditure from February 2011 including the current work program.

TCJV-Dynasty Joint Venture

Through a separate joint venture Dynasty Metals Australia Ltd (**Dynasty**) has an interest in EPC 956 and EPC 957 (**Tiaro West Tenements**). Dynasty has elected not to contribute toward exploration expenditure from February 2011 including the current work program.

Joint Venture Status

The joint ventures hold EPC 956, 957, 967, 972, 1553 and 1540 covering an area of 1,279 sq kms (**Figure 3**). In addition applications have been made for EPCA 2511, 2513, 1264, 1269 and 1618 in the Maryborough Basin covering an area of 2,103 sq kms, which upon grant will be available to the TCJV.

The joint venture tenements cover most of the known exposures of the Tiaro Coal Measures within the Mesozoic Maryborough Basin, located between Gympie and Maryborough in southeast Queensland.

The tenements are well serviced by nearby infrastructure, including manpower, mining support services, road, and rail and port facilities. The rail line bisects the exploration tenements.

The interests of the Participants in the joint ventures have been adjusted to reflect the joint venture agreements on the basis that the work programs approved by the management committee are completed (see **Table 1**).

Tiaro is funding the programs.

Licence	TEC	Core Coal	Jandale	Dynasty
		%		
EPC 956	75.81	7.77	7.77	8.65
EPC 957	75.81	7.77	7.77	8.65
EPC 967	81.58	9.21	9.21	Nil
EPC 972	81.58	9.21	9.21	Nil
EPC 1553	81.58	9.21	9.21	Nil
EPC 1540	81.58	9.21	9.21	Nil

Table 1 – JV interests



EXPLORATION

Seismic survey acquisition completed

Interpretation of high-resolution seismic reflection imaging from the extended seismic survey conducted during the June quarter is underway, and drill targets are being identified.

Seismic data collected has improved the efficiency of the resource-drilling programme by aiding in the interpretation of the structure, as well as the correlation of seams, within the T9 target on EPC 956. This information will shorten the timeframe by reducing the number of drill holes needed to define a JORC resource.

The seismic programme (**Figure 1**) was extended in order to provide comprehensive data for the resource target area. Seismic lines are also planned for other targets.

Resource And Regional Drilling

Recent dryer weather conditions in the project area have allowed improved access to proposed drill sites.

The resource and regional drilling programmes have independent objectives:

- The resource drilling will commence in the T9 target within EPC 956 in order to define a JORC resource.

The regional drilling will further test other identified targets within all tenements held by the Tiaro Joint Ventures (**Table 2**).

Where possible all holes will be geophysically logged and samples taken for analysis to test the coal's coking and energy characteristics.

Drilling commenced on 12 July 2011.

Tenement	Target	Program Type
EPC 956	T9	Resource Drilling
	T3	Regional Drilling
	Gunalda Gundiah	
EPC 957	Shady Camp East Shady Camp	Regional Drilling
EPC 967	Toolara North Toolara South	Regional Drilling
EPC 972	Glenbar St Mary's	Regional Drilling
EPC 1540	Gundiah	Regional Drilling
EPC 1553	T3 West Sexton	Regional Drilling

Table 2 - Drilling within targets

The objective of the resource and regional drilling programmes is to identify JORC qualifying coal mineralisation and resources over a number of locations that will be supported by a common beneficiation and logistics infrastructure.

The Tiaro lead joint ventures are working closely with landholders to ensure exploration activities are collaborative and harmonious to both farming and exploration objectives.

FURTHER INFORMATION

Peter Meers,
Chief Executive Officer

Telephone: +61 2 9251 7177

FIGURES

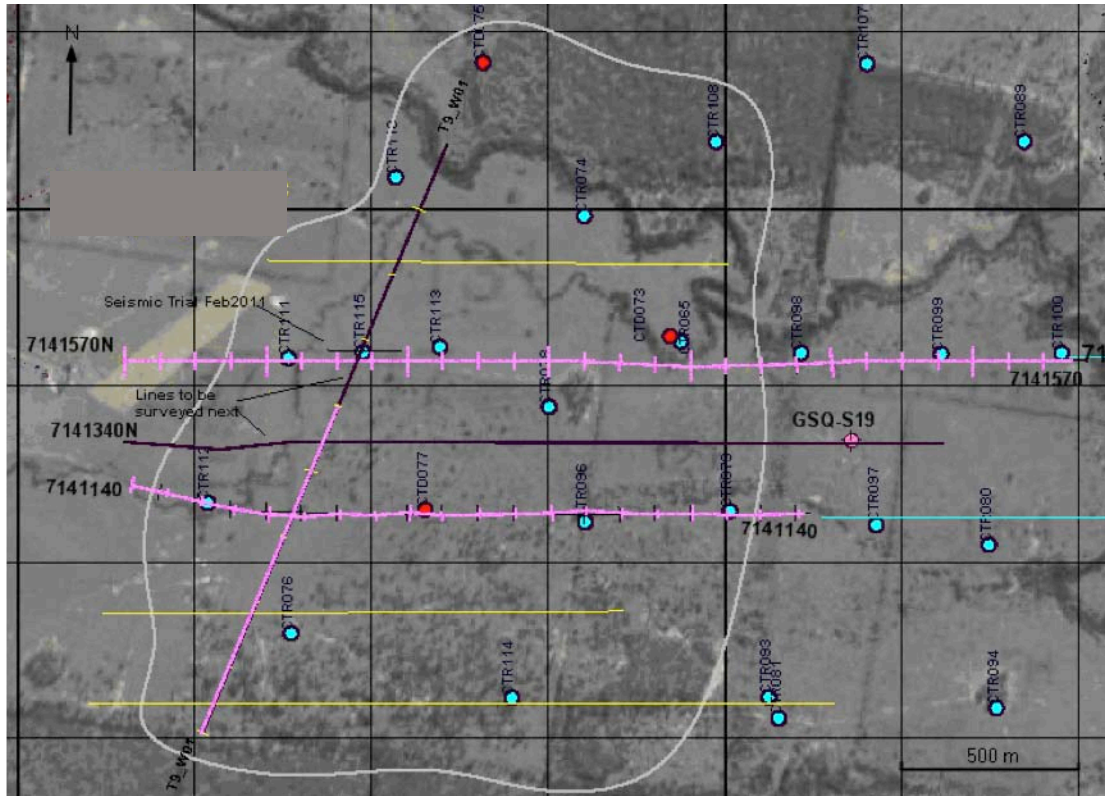


Figure 1 - Seismic Lines at T9

Pink-completed February 2011;
Yellow-completed June 2011;
Grey-area being explored for JORC resource

TIARO COAL

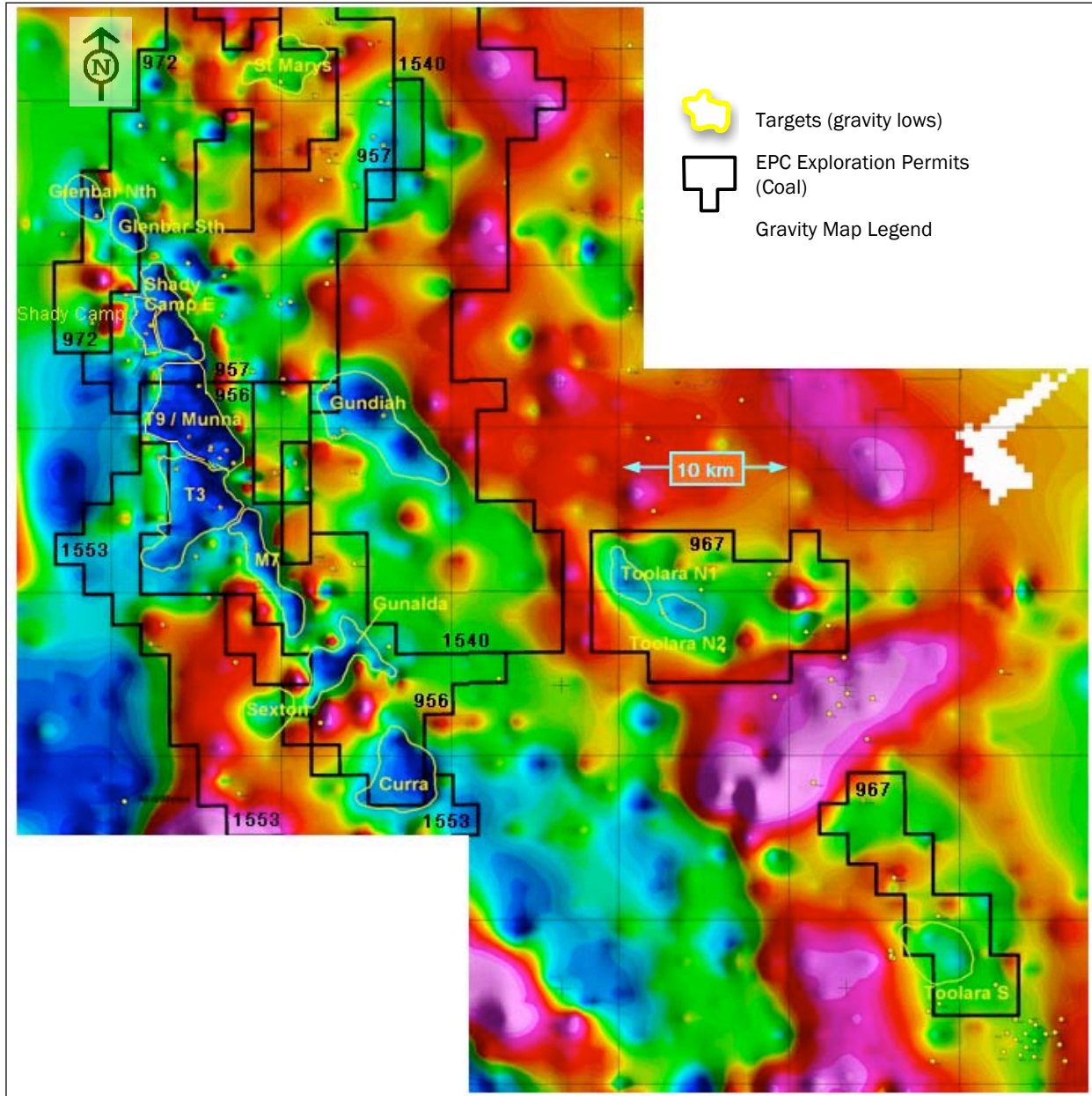


Figure 2 - Gravity map with targets for current and future drill testing in the southern part of Tiaro tenements. NB: When tenements in the northern part are granted, gravity surveying will be gradually extended toward the north to define additional targets for drilling.

TIARO COAL

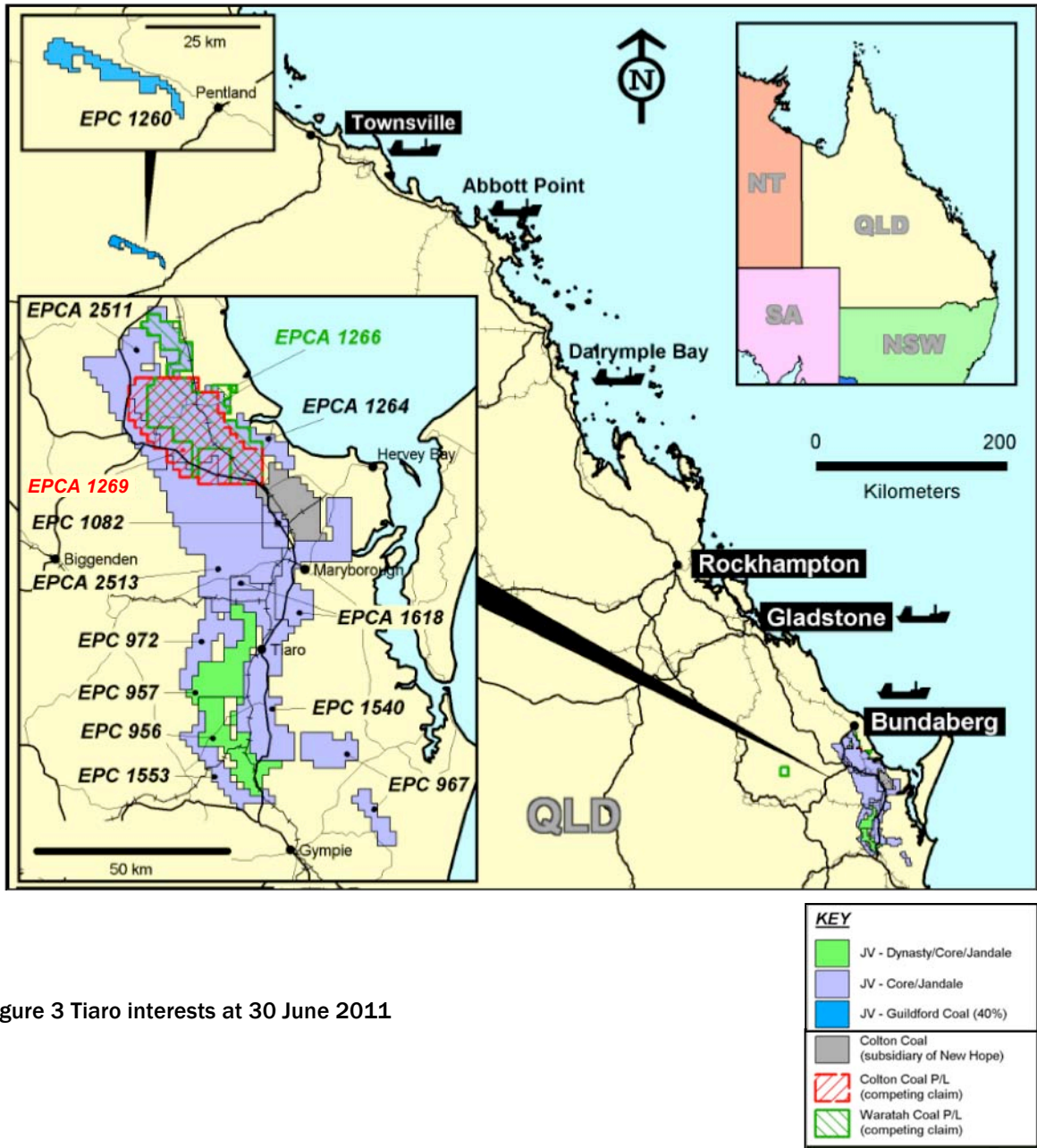


Figure 3 Tiaro interests at 30 June 2011

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.