

ASX Announcement

27th June 2014



Paragon Coal

Update – T9 West Pre-Feasibility Coal Quality & Resource Extension Exploration

Paragon Coal has completed two short exploration programs as part of the T9 West Pre-Feasibility Study¹.

- Four open holes and one cored hole (total drilling 1,287m and 274m of cored sections)
- Three large diameter drill holes over the declared Resource area² totalling 291m drilling with 103m of core
- Initial laboratory results from large diameter samples for seams in the upper target sequence confirm coking coal properties with volatiles in the mid 30s and vitrinite reflectance likely between 0.8 and 1.0
- Further results are anticipated for the mid sequence seams (targeting hard coking coal) and lower sequence seams (targeting low volatile coking and PCI coals)
- Geotechnical logging was also undertaken on one selected drill hole (CTD208)

Information from this exploration and analysis will support extension and refinement to the project geological model improving the understanding of coal continuity and quality within the potential open cut mining areas located within T9 West and will provide key input parameters for the various disciplines within the Pre-Feasibility Study.

PARAGON COAL

Tiaro Coal Limited (**Tiaro**) holds a 47.6% interest in Paragon Coal Pty Ltd (**Paragon Coal**) which owns EPC 956 and EPC 957 in the Maryborough Basin in SE Queensland. China Qinfu Group and ICP Ltd hold 40.5% and 11.9% of Paragon Coal respectively.

The Paragon Metallurgical Coal Project is centred on the T9 West Area located within the northern portion of EPC 956 (see Figure 1). The T9 West Area includes 87Mt Resource (Measured - 4Mt; Indicated - 21 Mt; Inferred - 63 Mt), reported in accordance to JORC Code (2012) in the T9 West Area².

The Pre-Feasibility Study will result in a comprehensive and robust assessment of the T9 West Area to support the next stages of project feasibility and environmental assessment.

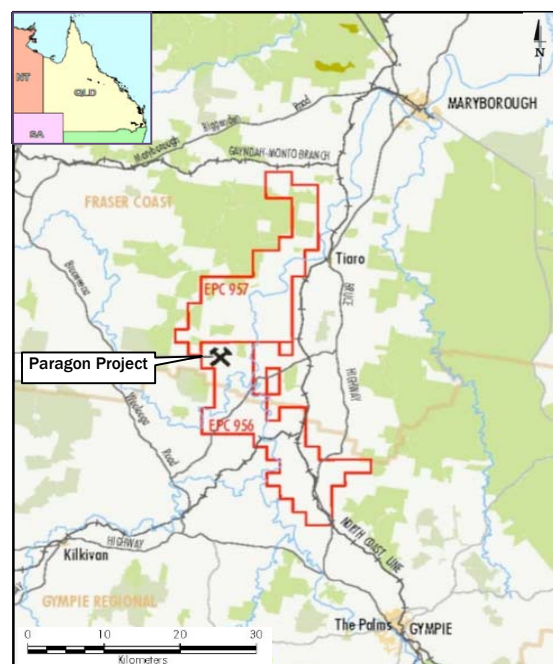


Figure 1. Paragon Project Location



Drilling in T9 West Resource Extension Area



TIARO'S BUSINESS OBJECTIVES

MARYBOROUGH COAL BASIN

To undertake exploration for coal deposits with the potential to produce metallurgical (coking, PCI) and thermal coal.

- Well-positioned coal tenements in the Wide Bay - Burnett region of SE Queensland.
- Two Coal Measures in Maryborough Coal Basin:
 - Tiaro Coal Measures
 - Burrum Coal Measures
- Large exploration area with 9 granted tenements – 2,013 km²; and 3 tenements – 930 km² under application

To develop coal mining operations

- Key activities will be:
 - Coal mine investment / development in partnership with coal end users, infrastructure developers and logistics managers
 - Coal mine management
 - Coal production, logistics management and market placement

Position Tiaro as a coal exploration mine development company, working with shareholders and partners on coal projects in the Maryborough Basin

Paragon Coal is the **first** such partnership, developing Tiaro's initial coal project

BUSINESS COLLABORATION

Paragon Coal (Tiaro 47.6%) established to explore and develop resources within EPCs 956 & EPC 957

- 87 Mt Resource reported in accordance to JORC Code (2012) on T9 West Area ²
- Conceptual in nature Exploration Target of 200 - 300 million tonnes in Tiaro Coal Measures

The potential quantity and grade of exploration targets is conceptual in nature. Other than the declared JORC Resources, there has been insufficient exploration to define a further Mineral Resource and it is uncertain if further exploration will result in the determination of further Mineral Resources.

- Metallurgical (Coking & PCI) coals

CM Basin Holdings Limited (Tiaro 55%) holds 20% interest in the Anggana Coal Project in East Kalimantan, Indonesia

- Anggana Coal Project includes an established thermal coal mine (Bara Naga open cut) and three further nearby coal concessions
- The CMH investment intended to generate dividends to Tiaro which are to be employed in Maryborough Coal Basin exploration and project development

DIVESTMENTS

Galilee Basin

- 29.2% indirect interest in the Clyde Park Project with Guildford Coal Limited (ASX: GUF)
- 677Mt Inferred JORC Resource (See JORC Compliance Statements)

Clarence – Moreton Basin

- 55% Interest in Clarence–Moreton Basin Project with CM Basin Coal Holdings Limited

West of Blair Athol & Clermont coal mines

- 50% interest in EPC 1262



NOTES:

1. “Pre-Feasibility Study Underway – Paragon Metallurgical Coal Project” ASX announcement 11th February 2014

2. Resource Estimate reported in accordance to JORC Code. The information is extracted from the report entitled “Updated JORC Resource of 87Mt for T9 West” created 7th May 2013 and is available to view on www.tiarocoal.com.au/ASX-Releases.htm. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement. “Paragon Metallurgical Coal Project” ASX announcement 25th October 2013.

COMPETENT PERSON / JORC COMPLIANCE

T9 West Area

Please refer to ASX announcement by Tiaro Coal Limited dated 7 May 2013.

Paragon Coal Exploration Targets

Technical information in this report that relates to Exploration Targets is 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 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (The 2012 JORC Code). Mr Rebek consents to the inclusion in the report of the matters based on information in the form and context in which it appears

Galilee Basin Project

Please refer to ASX announcement by Guildford Coal Limited (ASX: GUF) dated 18 February 2013.

The information is extracted from the report entitled “Mongolia and Queensland Update” created 8th February 2013 and is available to view on www.guildfordcoal.com.au/investors/asx-announcements. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

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