

QUARTERLY ACTIVITIES STATEMENT FOR THE PERIOD ENDING 30 JUNE 2014

Tiara Coal Limited (30 June 2014)	ASX: TCM
Share Price	\$0.095
Shares on Issue	114,916,623
Unlisted Options	Nil
Market Cap	\$10.92 million

Directors

Peter J Meers (Executive Chairman)	Rado Jacob Rebek
Dan Buckley (CEO)	
Mick Aw	Jianfei Wang Wei Huang

Major Shareholders

ICP Limited (SGX: ICP)	19.9%
China Qinfa Group Limited (HKSE: 866)	19.88%
Hudson Resources Ltd (ASX: HRS)	8.11%

This quarterly report is dated 31 July 2014 and is for the three months ending 30 June 2014.

Quarterly Highlights:

Projects: Paragon Metallurgical Coal Project

- Pre-Feasibility study progressing with 2 short exploration programs completed

- \$1.3 million Paragon Coal Project funding commitment in place with China Qinfa Group (Qinfa)

Corporate

- Appointment of director Mick Aw and the following the acquisition of 22.6 million shares (19.9% stake) in TCM by ICP Limited
- Resignations of John Dawkins and Tan Sri Ibrahim Menudin
- On 27 May 2014 Tiara Coal Limited (**Tiara**) held its Annual General Meeting. All resolutions put to the meeting were passed on a show of hands

Share Purchase Plan

Tiara announced a Share Purchase Plan on 31 July 2014. The Offer price will be the lower of 8.2 cents or a 15% discount to the volume-weighted average price of TCM shares traded on the Australian Securities Exchange (ASX) over the 5 trading days up to and including the day on which the Offer is scheduled to close (5 September 2014) rounded down to the nearest one tenth of one cent. Funds raised through the SPP will be used to progress the company's exploration and project assessment activities and to provide working capital.

PROJECTS

Tiara holds interests in various Queensland projects covering coal prospects in the Maryborough and Galilee Coal Basins (Table 1).

MARYBOROUGH COAL BASIN

The Mesozoic Maryborough Basin is located between Gympie and Bundaberg in the Wide Bay - Burnett region of southeast Queensland. The region is well serviced by nearby infrastructure, including manpower, mining support services, road, rail and port facilities. The rail line between Brisbane and Gladstone bisects the basin.

Tiara Coal Measures

Tiara holds eight tenements that together cover a substantial portion of the known exposures of the Tiara Coal Measures within the Maryborough Coal Basin.

Paragon Metallurgical Coal Project (47.6%)

Paragon Coal Pty Ltd (**Paragon Coal**) is a subsidiary of Tiara and the holder of 100% interest in EPC 956 and EPC 957 over the Tiara Coal Measures. The Paragon Metallurgical Coal Project is located approximately 20km south west of the town of Tiara in the Maryborough Basin (See Figure 1).

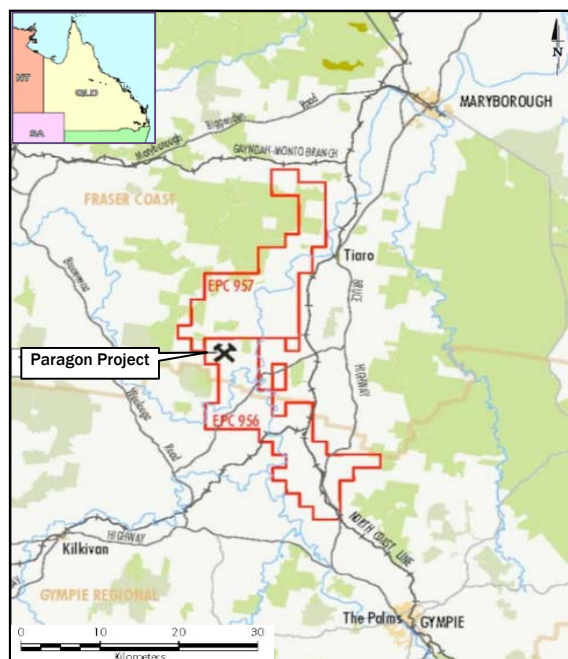


Figure 1. Paragon Project Location

The Project is centred on the T9 West Resource area located within the northern portion of EPC 956. Tiaro has previously announced an 87Mt Resource in T9 West ¹ (Measured 4 Mt; Indicated 21 Mt; Inferred 63 Mt). The Pre-Feasibility study for the T9 West area progressed during the quarter. Paragon Coal completed two short exploration programs as part of the T9 West Pre-Feasibility Study⁵ during the quarter, as follows;

- 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 area¹ 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. It is anticipated that the Study will result in a comprehensive and robust Pre-Feasibility level assessment of the T9 West Area.

Paragon Coal's shareholders are listed on three international securities exchanges: ASX through Tiaro (**ASX: TCM**), HKE through Qinfa (**HKEx: 00866.HK**); and SGX through ICP Ltd (**SGX: 536**).

Qinfa agreed, through a formal Share Subscription Agreement, to provide a further \$3.6M funding for Paragon Coal. Payment is being made through a series of investment tranches; \$2.3 million has been received to date with the balance outstanding. When completed, the funding will lift Qinfa's equity in Paragon Coal to 40.5% with Tiaro Coal Limited and ICP Ltd interests 47.6% and 11.9% respectively.

This investment follows the completion of an Initial Mine Plan (ASX Announcement: 25 October 2013²) and declaration of an Exploration Target of 200-300Mt in the greater T9 - Shady Camp area (ASX Announcement on 9th May 2013³).

The potential quantity and grade of exploration targets are 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.

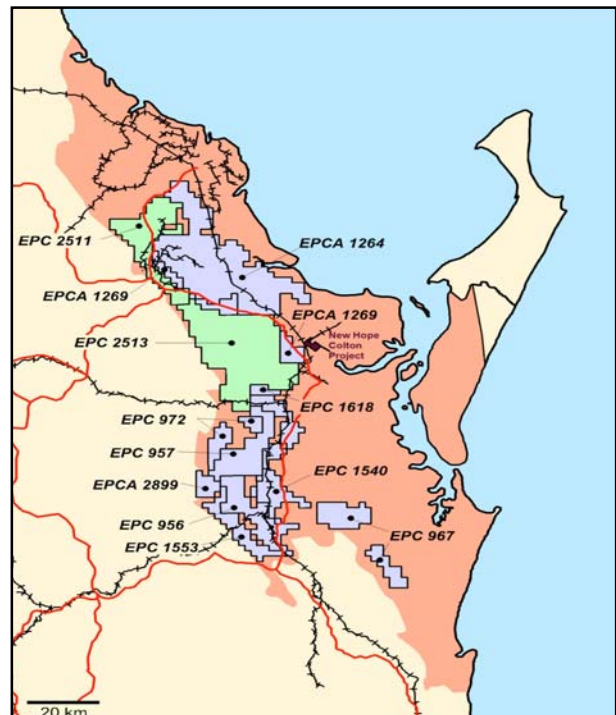


Figure 2. EPCs 2511 & 2513 Location

¹ 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.

² "Paragon Metallurgical Coal Project" ASX announcement of 25th October 2013

³ "Exploration Strategy for T9-Shady Camp" ASX announcement of 9th May 2013.

Burrum Coal Measures

EPC 2511 and EPC 2513 tenements total 921 km² were granted and cover a sector of Burrum Coal Measures, also in the Maryborough Coal Basin (See Figure 2).

Key points of these Tenements:

- Burrum Coal Measures have been mined historically in the Howard district, east of EPC 2513.
- New Hope Group's proposed Colton Coal Project⁴ is also located nearby (see Figure 2)
- Hard coking coal potential
- No coal exploration drilling to date in these EPCs but water bore data has reported coal intersections
- Large areas have been identified for initial coal exploration – at least 90km² in EPC 2511 and 160km² in EPC 2513

GALILEE BASIN PROJECT (29.2%)

At the end of the June quarter Tiaro's held 29.2% interest in the Galilee Basin Project owned by Clyde Park Coal Pty Limited (formerly White Mountain Pty Limited) (**Clyde Park**), the special purpose company holding 100% interest in EPC 1260 and EPC 1250 in Queensland's Galilee Basin Project. Guildford Coal Limited (ASX: GUF) is the majority owner. Tiaro's indirect interest in Clyde Park is held through Galilee Co Pty Ltd (**Galilee**).

Tiaro continues to seek opportunities to divest its interest in Clyde Park.

On 17 July 2014 Guildford Coal announced that it had received a confidential, unsolicited offer to acquire all of Guildford's Australian coal assets, including Clyde Park. Tag Along and Drag Along provisions of the shareholders agreement with Guildford Coal provide that Tiaro may be required to sell its interests together with Guildford Coal.

INVESTMENT IN OPERATING INDONESIAN COAL MINE

Tiaro through its 55% interest in CM Basin Coal Holdings Limited (**CCH**), reached agreement with Asia East International Limited by investing \$1.6 million secured a 20% ownership of the Anggana Coal Project in East Kalimantan Province (in Borneo), Indonesia (See Figure 3).

The investment in the Anggana Coal Project is anticipated to produce capital returns from operating cash flows in FY14. Tiaro will own 11% of the Anggana Coal Project through its 55% interest in CCH.

Key points of this investment:

- Anggana Coal Project includes an established mine (Bara Naga open cut) and 3 coal concessions
- Open cut, truck and excavator mine with short truck haul to operating jetty
- Target production of 50,000 tonnes per month
- Drilling & Modelling indicates >10 years production available
- Targeted exploration to expand resources to JORC standard, across three Coal Concessions totalling 287Ha



Figure 3. Anggana Coal Project Location

⁴ See <http://www.newhopegroup.com.au/content/projects/development/colton>

⁵ "Pre-Feasibility Study Underway – Paragon Metallurgical Coal Project" ASX announcement 11th February 2014



Table 1 – Tiaro Project indicative interests at 30 June 2014 (see Figure 4 for location Map)

	EPC's	Area (km ²)	Ownership	Target Coal	Target/JORC Resource
Tiara Coal Measures	956, 957	387	47.6%	Coking / PCI / Thermal	87Mt JORC ¹ 200-300Mt exploration target
	967, 972, 1540, 1553, 1618, 2899	621	100%		
Burrum Coal Measures	2511, 2513, 1264*, 1269*,	1,806	100%	Coking / PCI / Thermal	n/a
Clyde Park Project	1250, 1260	378	29.2% (64.4% owned by GUF)	Thermal	727.7Mt JORC**
Prospects for assessment	2756, 2758	534	100%	Thermal	n/a
Anggana Coal Project (Indonesia)	CV Bara Naga 1, CV Bara Naga 2 CV Expansi Naga Abadi	-	11%	Thermal	n/a

Notes:

* Application

**** 50.7 Mt Indicated and 677 Mt inferred for a total 727.7 Mt JORC Resources.** 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.

Tenement information required under LR 5.3.3

Tenement No.	Location
Queensland	
EPC 956*	Gympie
EPC 957*	Maryborough
EPC 967	Gympie
EPC 972	Maryborough
EPC 1540	Gympie
EPC 1553	Gympie
EPC 1618	Maryborough
EPC 2899	Gootchie
EPC 2756	Charters Towers
EPC 2511	Bundaberg
EPC 2513	Bundaberg
EPC 2758	Charters Towers
EPCA 1264	Bundaberg
EPCA 1269	Maryborough
EPC 1250**	Pentland
EPC 1260**	Pentland

Tenement No.	Location
Indonesia	
CV Bara Naga 1#	Borneo
CV Bara Naga 2#	Borneo
CV Expansi Naga Abadi#	Borneo
Disposed of in Quarter	
Nil	

Notes:

Other than indicated below, there has been no change in beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter.

*Tiara holds a 47.6% interest in Paragon Coal Pty Ltd, the project joint venture company

** Subject to Farm-in, 29.2% interest held by TCM at the end of the June Quarter

#Tiara holds an 11% interest in these tenements



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 10 granted tenements – 2,076 km²; and 2 tenements – 885 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 an investment company, working with shareholders and partners in development of 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% post funding completion) established to explore and develop resources within EPCs 956 & EPC 957

- 87 Mt JORC Coal Resource (Measured 4 Mt; Indicated 21 Mt; Inferred 63Mt) in the T9 West area¹
- Conceptual in nature Exploration Target 200 - 300 million tonnes in Tiaro Coal Measures. The potential quantity and grade of exploration targets are 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 Coal 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 CMBCH investment is 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)
- 50 Mt Indicated and 677 Mt inferred for a total 727.7 Mt JORC Resources.**

Seek Divestment or Farm-in partners to fund other Queensland coal assets

JORC COMPLIANCE STATEMENTS

Competent Person

Technical information in this report that relates to Exploration Programs and 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 8 February 2013.

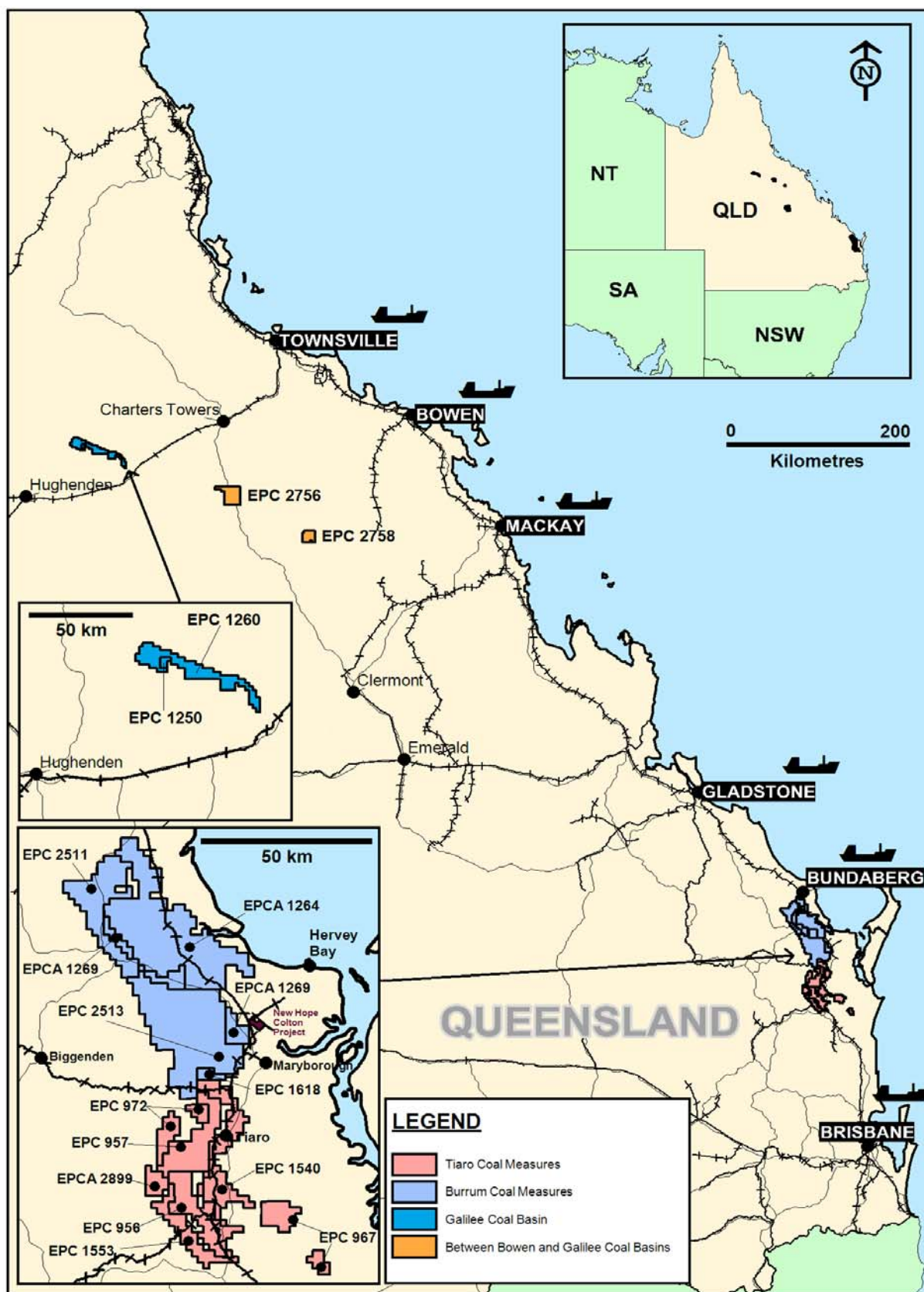


Figure 4. Tiara's Queensland Exploration Projects, June 2014