

ASX Announcement - 2<sup>nd</sup> September 2014

## Update –T9 West Pre-Feasibility Study Share Purchase Plan closes this Friday

Following the recent completion of two short exploration programs (as announced on 27<sup>th</sup> June 2014) Tiaro Coal Limited (**Tiara**) provides the following update on the Paragon Coal T9 West Pre-Feasibility Study<sup>1</sup>.

### PARAGON COAL

Tiara 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 Qinfan 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 with JORC Code (2012) in the T9 West Area<sup>2</sup>.

In addition to T9 West area, a conceptual in nature 200 - 300Mt Exploration Target has been estimated for the greater T9 - Shady Camp area located within Paragon Coal's EPC 956 and EPC 957<sup>3</sup>.

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.

### Pre-Feasibility Study

The Pre-Feasibility Study (**PFS**) commenced in February 2014 and aims to provide a comprehensive and robust Pre-Feasibility level assessment of the T9 West Area.

Following incorporation of interpreted data from the recent exploration programs into an updated geological model the PFS has now progressed to a stage where mine planning and economic analysis can commence.

Xenith Consulting, who previously completed a review of the T9 West Area and prepared an Initial Mine Plan, (results announced in October 2013) will undertake these sections of the PFS.

Xenith's Initial Mine Plan provided the following key outcomes, which will be reviewed and assessed to Pre-Feasibility level in the PFS;

- Open cut, truck and excavator mining using a haul back method
- Moderate to shallow dipping coal seams
- Multiple working sections identified with selective mining recommended
- Production Schedule builds up to 5.5 million Run of Mine (**ROM**) tonnes per annum
- Optimised pit design results in 81 Mt ROM Coal over a scheduled 17 year mine life
- Strip ratio of 5.5 bcm/ROM tonne
- ROM Coal will require processing to produce metallurgical and thermal coal products
- The Initial Mine Plan is only over the T9 West area covered by the May 2013 JORC Coal Resource Statement<sup>2</sup>

The PFS is scheduled to be completed by the end of 2014 at which stage Tiara will be seeking funding to enable the T9 West Project to advance to Feasibility and Environmental Impact Study stage.

### SHARE PURCHASE PLAN

Shareholders can purchase shares totalling up to \$15,000. The SPP closes 5 September 2014. Full details of the SPP are contained in the Share Purchase Plan dated 7 August 2014.

The Offer price is the lower of 8.2 cents or a 15% discount to the volume-weighted average price of Tiara 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 rounded down to the nearest one tenth of one cent.

**Based on the current trading price and using the above formula for calculating the subscription price of Tiara shares under the SPP, the price is anticipated to be in the order of 4 – 5 cents.**

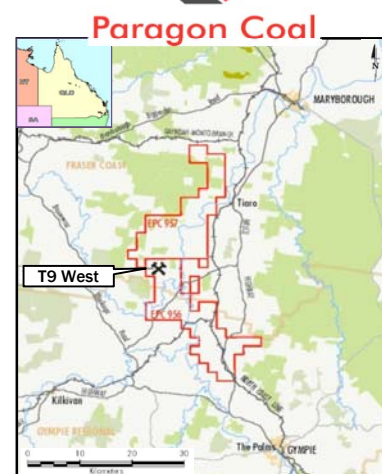


Figure 1. Paragon Project



## **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 km<sup>2</sup>; and 3 tenements – 930 km<sup>2</sup> 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 <sup>2</sup>
- Conceptual in nature Exploration Target of 200 - 300 million tonnes in Tiaro Coal Measures<sup>3</sup>  
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 11<sup>th</sup> 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 7<sup>th</sup> May 2013 and is available to view on [www.tiarocoal.com.au/ASX-Releases.htm](http://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 25<sup>th</sup> October 2013.

3. The information is extracted from the report entitled "Exploration Target and Strategy for T9 – Shady Camp" created 9<sup>th</sup> May 2013 and is available to view on [www.tiarocoal.com.au/ASX-Releases.htm](http://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.

**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 8<sup>th</sup> February 2013 and is available to view on [www.guildfordcoal.com.au/investors/asx-announcements](http://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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