

QUARTERLY ACTIVITIES STATEMENT FOR THE PERIOD ENDING 30 SEPTEMBER 2014

This quarterly report by Tiaro Coal Limited (Tiaro) is dated 28 October 2014 and is for the three months ending 30 September 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 Qinfra Group (Qinfra) ¹

Corporate:

- A Share Purchase Plan closed 5 September, however insufficient funds were raised and the SPP was not completed with funds returned to shareholders.
- On 23 September 2014 Tiaro placed 17 million new shares at \$0.02 to raise \$340,000 gross.
- Subsequent to the reporting date of 30 September 2014 the Company announced on 22 October a fully underwritten Non-Renounceable Rights Issue to raise \$1.3 million (before costs)

Funds raised through the capital raisings will be used to progress the Company's exploration and project assessment activities, retire an intercompany loan with subsidiary, Paragon Coal Pty Ltd, and to provide working capital.

PROJECTS

Tiaro holds interests in various Queensland projects covering coal prospects in the Maryborough and Galilee Coal Basins (Table 1 on Page 4).

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.

Tiaro Coal Measures

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

Paragon Metallurgical Coal Project (53.1% ¹)

Paragon Coal Pty Ltd (Paragon Coal) is a subsidiary of Tiaro and the holder of 100% interest in EPC 956 and EPC 957 over the Tiaro Coal Measures.

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

The Paragon Metallurgical Coal Project is located approximately 20km south west of the town of Tiaro in the Maryborough Basin (See Figure 1). The Project is centred on the T9 West Resource area located within the northern portion of EPC 956.

Tiaro Coal Limited (30 Sept 2014)	ASX: TCM
Share Price	\$0.03
Shares on Issue	131,916,623
Unlisted Options	Nil
Market Cap	\$3.96 million
Directors	
Peter J Meers (Executive Chairman)	Mick Aw
Dan Buckley (CEO)	Jianfei Wang
Rado Jacob Rebek (Resigned 27 October 2014)	Wei Huang
Major Shareholders	
ICP Limited (SGX: ICP)	17.13%
China Qinfra Group Limited (HKSE: 866)	17.13%

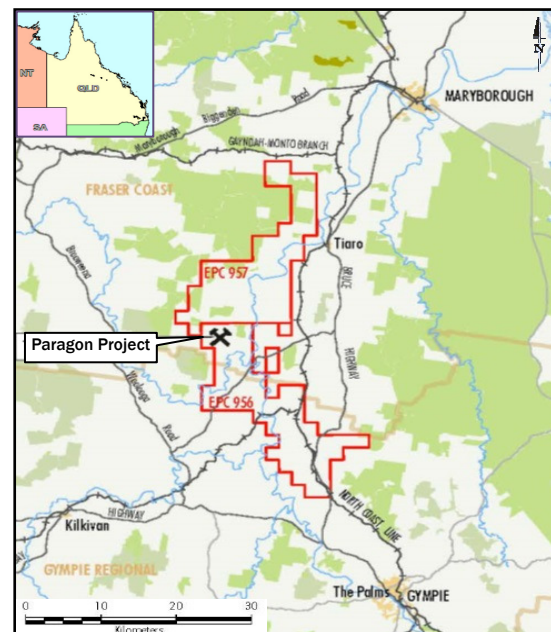


Figure 1. Paragon Project Location

¹ China Qinfra Group (Qinfra) under a Share Subscription Agreement dated 14 June 2013 is required to subscribe for 42,222,222 shares in Paragon. Current financial and coal market circumstances have restricted Qinfra's capability to fully finalise this subscription at this time. Once Qinfra subscribes for these shares, the Company's interest in Paragon would reduce to 47.6% assuming no other shares in Paragon were issued or traded.

Tiaro has previously announced an 87Mt Resource in T9 West ² (Measured 4 Mt; Indicated 21 Mt; Inferred 63 Mt).

The Pre-Feasibility Study for the T9 West area ³ progressed during the quarter with assessment of data gathered from two short exploration programs carried out during the first half of the year. 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.

Various environmental and infrastructure reviews have also been undertaken and these will provide additional information towards the Study which will result in a comprehensive and robust Pre-Feasibility level assessment of the T9 West Area.

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 Project ⁴ 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
- Field geological mapping has been undertaken and sites have been identified for initial coal sequence confirmatory drilling

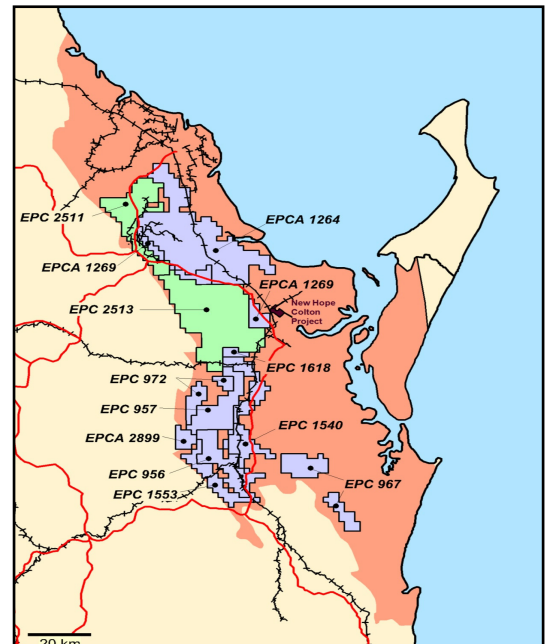


Figure 2. EPCs 2511 & 2513 Location

GALILEE BASIN PROJECT (29.2%)

At the end of the September 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).

During July and August 2014 Guildford Coal made several announcements that it had received an offer from Sino Construction Limited (Sino) (SGX: F3V) 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.

On 25 September 2014 Guildford Coal announced that it had received notice that Sino intends to make a conditional off-market takeover bid to acquire all of the issued shares in Guildford Coal. The announcement by Sino indicates that it expects to lodge a formal bidder's statement, which will contain the full details of the offer, within two months.

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.

³ "Pre-Feasibility Study Underway – Paragon Metallurgical Coal Project" ASX announcement 11th February 2014

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

Tiaro continues to seek opportunities to divest its interest in Clyde Park and will await further announcements on the Guilford / Sino asset acquisition and or take over.

INVESTMENT IN OPERATING INDONESIAN COAL MINE

Tiaro through its 55% interest in CM Basin Coal Holdings Limited (CCH), holds 20% ownership of the Anggana Coal Project in East Kalimantan Province (in Borneo), Indonesia (See Figure 3). Proportionally Tiaro owns 11% of the Anggana Coal Project.

Anggana Coal Project includes an operating open cut mine (Bara Naga open cut). The Bara Naga Mine is a truck and excavator mine with short truck haul to operating coal loading jetty. Drilling and geological modelling indicates >10 years production is available.

The Anggana Coal Project holds three Coal Concessions totalling 287Ha where there are opportunities for exploration to expand resources to JORC standard.



Figure 3. Anggana Coal Project Location

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 2511	Bundaberg
EPC 2513	Bundaberg
EPCA 1264	Bundaberg
EPCA 1269	Maryborough
EPC 1250**	Pentland
EPC 1260**	Pentland

Tenement No.	Location
CV Bara Naga 1#	Borneo
CV Bara Naga 2#	Borneo
CV Expansi Naga Abadi#	Borneo
Disposed of in Quarter	
EPC 2756	Charters Towers
EPC 2758	Charters Towers

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.

*Tiaro 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 Sept Quarter

Tiaro holds an 11% interest in these tenements

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.

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

	EPC's	Area (km ²)	Ownership	Target Coal	Target/JORC Resource
Tiaro Coal Measures	956, 957	387	53.1%	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**
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.



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