

ANNUAL REPORT

Mineral Resources Tasmania

Department of Infrastructure, Energy and Resources

TITLE PAGE

Licence No:	64/2007
Nature of Report:	Annual Report
Period Covered:	18 September 2009 to 18 September 2010
Name & Address of Licensee:	Energy Investments Pty Ltd C/- Resource Generation Limited Level 12, Chifley Tower 2 Chifley Square Sydney NSW 2000
Author:	Senior Geologist
Date of Report:	5 November 2010

Abstract

The following activities have been completed in the immediately past 12 month period:

Further geological data base analysis surface mapping, geophysical assessment and physical inspection.

It was determined that proximity of rural and residential development combined with a low probability of large coal deposits would make any development difficult to justify.

An Application to Surrender the Exploration Licence 64/2007 has been made.

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1 Introduction

1.1.1 Exploration rationale (objective) and geological setting

The Latrobe / Railton area in northern Tasmania has a long history of coal and oil shale exploration and mining. Earliest reporting goes back to 1901 and amongst other information notes that 'the name Spreyton had been used for at least six, probably seven, workings'. Reporting in 1922 goes back to 1855 and states that 'coal has been worked at shallow depth in ten distinct areas'. It is believed that very small coal mining activities continued through to about 1960.

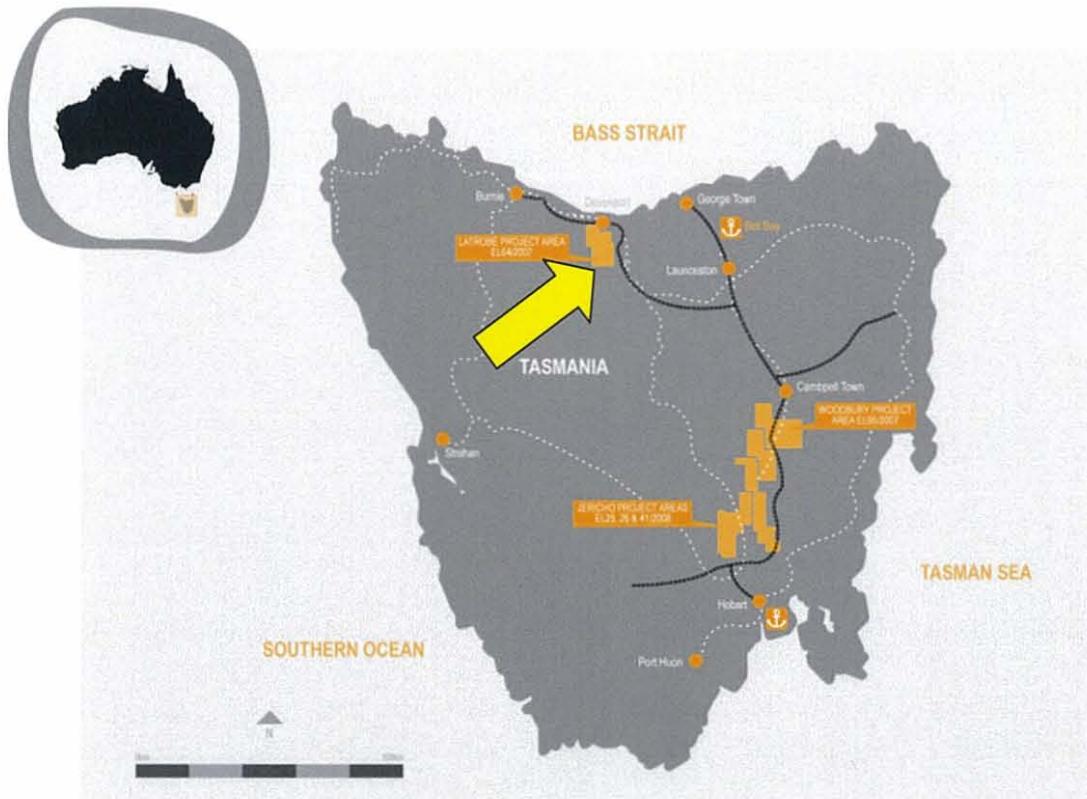
Oil shale was mined in this area during the period 1910 and 1934; it appears to have been in a spread of areas in the general Latrobe / Railton area. The focus of exploration commenced in the area in 1974 was on oil shale; the exploration title EL 4/74 was held by Endeavour Resources in a joint venture with CRA over much of the period to 1990, when it reverted to Endeavour under Retention Licence RL No. 8805. The main period of oil shale exploration drilling, carried out by CRA, was in 1981.

In 1982 CRA was granted EL 45/82 to explore for coal; it carried out significant data collection and field mapping activities over the next 2 years but reporting in 1984 concludes there was very limited prospects for a resource of significant (50 Mt) size. Both EL 4/74 and EL 45/82 covered significantly larger areas than this present EL 64/2007 which covers an area of 161 square kilometres south of Spreyton and west of Railton.

1.1.2 Licence details

Tenement number:	EL 64/2007
Tenement name:	Bonney Tier
Tenement location:	Latrobe
Reporting period:	18 September 2009 – 18 September 2010
Tenement holder:	Energy Investments Pty Ltd

1.1.3 Location



1.1.4 Tenure

Five years from 18 September 2008 to 18 September 2013

2 Review of previous work

2.1.1 Prior to current tenement

The Latrobe / Railton area in northern Tasmania has a long history of coal and oil shale exploration and mining. Earliest workings were known in the mid-1850's and the earliest reporting goes back to 1901, and amongst other information notes that 'the name Spreyton had been used for at least six, probably seven, workings'. Reporting in 1922 states that 'coal has been worked at shallow depth in ten distinct areas'. It is believed that very small coal mining activities continued through to about 1960.

In 1982 CRA was granted EL 45/82 to explore for coal; it carried out significant data collection and field mapping activities over the next 2 years but reporting in 1984 concludes there were very limited prospects for a resource of significant (50 Mt) size. Both EL 4/74 and EL 45/82 covered significantly larger areas than this present EL 64/2007, which covers an area of 161 square kilometres south of Spreyton and west of Railton.

2.1.2 During current tenement

The CRAE reports of coal and oil shale exploration and resource assessment in the Latrobe / Railton area were reviewed prior to a field inspection. Results were sufficiently discouraging for CRAE to abandon the area in 1984.

The country was observed to be generally hilly to steep with timbered upper ridges. To the north there are some flatter areas associated with the Mersey River but these areas are increasingly developed by hobby farm and other higher urban density activities. Broad observation is that any mining would be of significant environmental impact.

Several quarrying operations relating to gravel, aggregate and limestone (cement) were noted and appear to correspond with MLs superimposed on our EL areas. No evidence was observed of the coal mining that has historically (pre - 1950) been carried in thin seams (< 0.8m) in the area for heating and cement making.

3 Exploration completed during the reporting period

3.1.1 Literature review

Whilst various reports exist of historical work undertaken, of particular note were the last reports prepared by CRA in 1984.

This reports contains very useful information however on review does not provide a satisfactory conclusion that coal is present in viable quantities.

Block definition undertaken by CRA does indicate significant faulting may be present of the coal seam, sufficient to imply that the presence of a viable coal deposit may be minimized.

3.1.2 Regional exploration activities

An extensive search was undertaken of land titles. In addition field trips were undertaken of the area to derive an understanding of regional topography and geological settings.

In respect to land ownership many Landowners have been identified in the tenement. A copy of the landowner information is attached herewith including a plan of the area.

Urban development of the tenement has now been extensive enough to warrant caution in respect to any progressive exploration activity.

3.1.3 Prospect- based exploration activities

The combination of the proximity of rural and residential development with a low probability of large coal deposits would make any development difficult to justify, so no further activity is planned.

4 Discussion of results

As noted in Section 3 above.

5 Conclusions

It was determined that proximity of rural and residential development combined with a low probability of large coal deposits would make any development difficult to justify.

An Application to Surrender the Exploration Licence 64/2007 has been made.

6 Environment

Urbanised development, particularly in the north. The potential impact of coal mining in respect to the environmental factors needs to be further investigated.

7 Expenditure

Expenditure to date has amounted to \$207,300 (\$103,550 during 2008/09 period, \$103,750 during 2009/10 period). Please note these figures include the salary costs of the supervising geologist (however the expenditure figures in the quarterly reports submitted have not included this cost). Also the expenditure figure shown in our previous MRT Annual Report (2008/09) used a forecast expenditure in error (rather than actual figures as intended).