

ANNUAL REPORT

**Mineral Resources Tasmania
Department of Infrastructure, Energy and Resources**

TITLE PAGE

Licence No:	26/2008
Nature of Report:	Annual Report
Period Covered:	18 September 2010 to 18 September 2011
Name & Address of Licensee:	Tiger Coal Pty Ltd C/- Resource Generation Limited Level 12, Chifley Tower 2 Chifley Square Sydney NSW 2000
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Abstract

Historical exploration data has been reviewed, recollected and then remodelled.

A prospective stratigraphic section for coal measure has been identified within the Jericho graben.

An 18 hole drill programme has been planned to test for coal measures in the three adjoining licences EL41/2008, EL25/2008 and EL26/2008.

Detailed field studies are planned to identify suitable drill sites in EL26/2008.

Access availability and land owner notifications for proposed drill sites have not been completed to date

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1 Introduction

1.1.1 Exploration rationale (objective) and geological setting

This area is being explored in conjunction with adjacent tenements 25/2008 and 41/2008. A major common structure to the three areas, the Jericho Trough, has constrained coal occurrence throughout the total area.

The Lake Tiberius area comprises parts of several previous EL areas originally held and explored by CRA in the early to mid 1980's. Titles covering parts of the present title area included Parattah EL 18/82, Kempton EL 19/82 and Jericho EL 20/82. The current EL 26/2008 granted in this area has been designated as Lake Tiberius, extending to the north and south of that physical feature and covering an area of 220 square kilometers.

The principal objective of exploring in the Jericho region is to develop a geological and geophysical foundation for coal resource definition of the near surface Permo-Triassic coal measures. Typically the Coal measures are associated with a characteristic lithic sandstone sequence which has been preserved from erosion by dolerite capping. Continuity of the coal seams has been indicated by past workers through a combination of lithological, geophysical and analytical correlation. The Jericho area comprises a series of structural trends north-south and extends for a minimum of 50 kilometres long and varies from approximately 2-3 kilometres wide. Graben structures dominate the configuration of possible coal seams.

Following the remodeling of rudimentary historical borehole data, some of which is unreliable, it is now intended to test the veracity of open cut coal deposition through a series of exploratory boreholes to define structure and presence of coal seams.

Land owner access constraints have predominantly limited the siting of boreholes in the past. In particular some of the data obtained through a thorough investigation of Departmental records indicates that certain boreholes are realistically best described as "water bores".

1.1.2 Licence details

Tenement number:	EL 26/2008
Tenement name:	Lake Tiberius
Tenement location:	Colebrook to Fernleigh Hill
Reporting period:	18 September 2010 – 18 September 2011
Tenement holder:	Tiger Coal Pty Ltd

1.1.3 Location

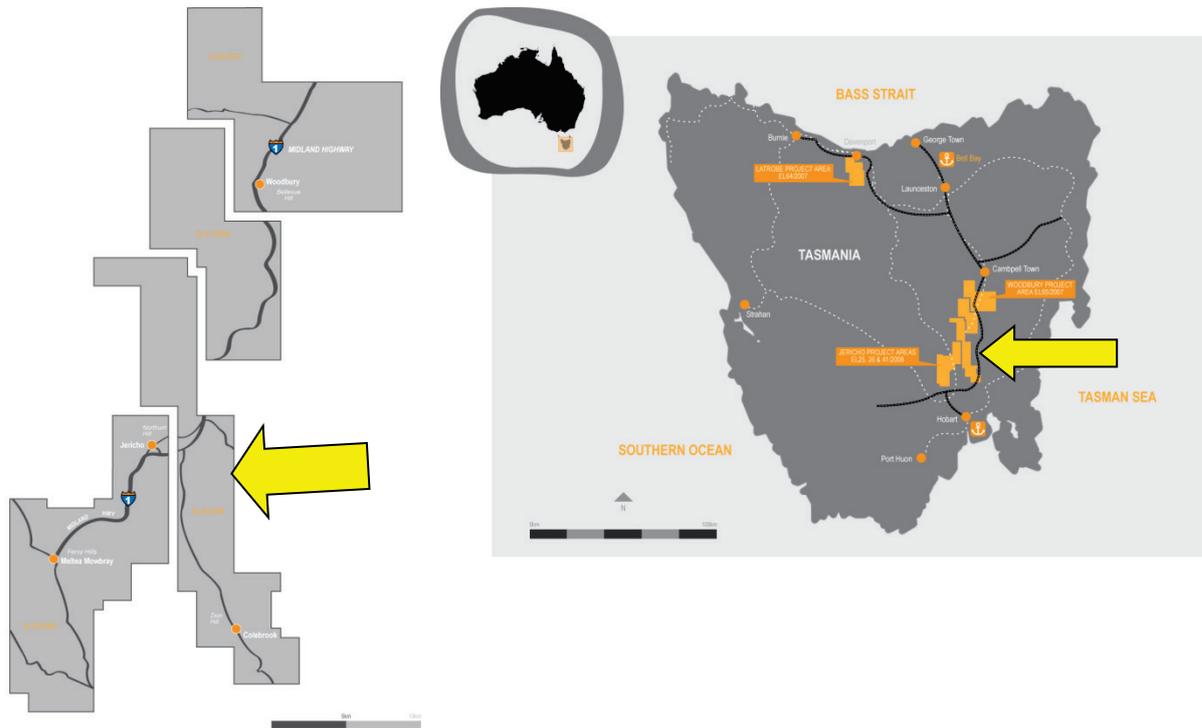


Figure 1. EL26/2008 Location

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 Lake Tiberius area comprises parts of several previous EL areas originally held and explored by CRA in the early to mid 1980's. Titles covering parts of the present title area included Parattah EL 18/82, Kempton EL 19/82 and Jericho EL 20/82. The current EL 26/2008 granted in this area has been designated as Lake Tiberius, extending to the north and south of that physical feature and covering an area of 220 square kilometres. This new title does not include the previously identified resource area of York Plains which lies to the east of Oatlands and south of Woodbury.

2.1.2 During current tenement

A previous evaluation of the regional geology was able to confirm the elongated Triassic Jericho Trough extends up to 50 kilometres on a NNW – SSE trend and 1 to 5 km in width within the licence. Most of the licence is dominated by the north-south trending elongated graben structure, with the predominant stratigraphy being Triassic sedimentary sequences containing potential coal bearing units. Two secondary graben structures have been identified immediately to the west of Melton Mowbray and Kempton. These are possibly truncated structures of somewhat limited extent. Their resource potential has not been appraised.

Scout drilling which took place along the graben feature was possibly somewhat reduced in effectiveness by the need to drill on public access land; certainly not all the sites on the planning map have been drilled. Some hypotheses regarding seam development have been developed and could be useful in future exploration. Unexplained termination of CRA field activities occurred abruptly in 1985; a search as to whether there were other subsequent titles could be enlightening.

3 Exploration completed during the reporting period

3.1.1 Prospect- based exploration activities

Coal occurrences have been identified within the Jericho graben by CRA who conducted a regional drilling programme in 1984. The exploration confirmed the graben extends some 50 kilometres north-south through the Midlands region and is from 1 – 5 km wide. The graben is bounded by steep sub-vertical flanking faults and is intersected by a number of secondary cross faults that trend northeast-southwest. However there is little confirmed data that the graben structure continues south from EL26/2008 into EL25/2008.

The data currently available comprises exploration data from the mid 1980's, data from historical water bores and geological data from the State geological mapping at 1:50,000 and 1:25,000 published in 1976. Some regional magnetic data is also available but is of limited use.

A regional stratigraphic drilling programme of 18 holes has been prepared to test the structure, quality and extent of shallow coal measure occurrences within the graben. The programme is aimed to evaluate all three licences EL41/228, EL25/2008 and EL26/2008. The locations of the holes are shown in **Figure 2, Proposed Drill Holes**. The holes are designed to intersect the "Sequence 1" strata of previous workers. This is the uppermost member of the Permo-Triassic stratum of the region and has been inferred to be the most prospective section for economic coal seam occurrence. Up to six seams are thought to be present. The holes are placed 2 - 3 kilometres apart in areas where there is believed to be continuity of seams over significant areas and potential exists to define economic resources.

Due to the unknown extent of the Permo-Triassic stratigraphy in EL25/2008 two holes have been proposed to test the stratigraphy in southwest of the licence. This area is thought to contain coal measures in two secondary graben structures that have been identified immediately to the west of Melton Mowbray and Kempton. These are possibly truncated structures of somewhat limited extent.

Availability of land access for the proposed hole locations has not been confirmed to date and the locations of some holes may have to be adjusted depending on access conditions and landowner activities at the time of drilling.

Figure 2

4 Discussion of results

Studies of previous exploration and other data indicate the level of knowledge of the occurrence of coal measures in the licence is unreliable. Consequently it has been decided that the most useful approach is to conduct a controlled stratigraphic drilling programme along the graben and extend information obtained into the interpretation and exploration of adjacent unknown areas.

16 holes proposed for the licence are located across the Jericho Trough to further test the extent, depth, thickness and sequence of the coal bearing units within the licence area.

5 Conclusions

As reliable data on the presence of coal measures is not present, a regional stratigraphic exploration approach is required to test the stratigraphy of the Permo-Triassic sequence. Subject to obtaining adequate access a drilling program is to be undertaken in order to derive the viable presence of coal occurrences.

A significant number of landowners are present in the tenement and this will require considerable management to ensure ease of access and to minimize any negative sentiment toward exploration or subsequent activity.

6 Environment

Generally the area comprises a variation of undulating to steep properties which vary in agricultural uses.

Economic conditions have been unfavourable and this is reflected in a general "run-down state" of infrastructure. Until recent rains, drought conditions have prevailed for a number of years.

The currently planned drilling program has been designed to result in minimal impact to the area and any disturbance to the land will be rehabilitated at the completion of drilling.

7 Expenditure

Expenditure to date has amounted to \$208,304 this being a pro-rata calculation for work conducted on all three Jericho tenements (\$65,965 during 2008/09 period, \$81,755 during 2009/10 period and \$60,584 during 2010/11 period excluding the September quarter which has not yet expired).

Further exploration will be undertaken following initial exploration which will assist in defining the presence and location of viable coal sequences. It is envisaged that Licence conditions will be met subject to initially achieving access and subsequent success of the first program. The budget for the exploration program is as follows:

Jericho Exploration Programme			
Contractor	Activity	Time	Cost
KMR	Drilling	14 weeks	270,577
Groundsearch Australia	Geophysical Logging	11 days	27,970
Peter Binney	Survey	3 days	3,600
KMR/Sub-contractor	Excavation Services	2 week	15,000
Marston	Geological Supervision	14 weeks	160,735
Total			\$477,882