HRCM™
HARDROCK COAL MINING

HardRock Coal Mining Pty Ltd
ACN: 150 741 094

11th April 2013

Ben Waining
Geologist
Industrial Minerals, Geothermal and Petroleum
Mineral Resources Tasmania
PO Box 56
Rosny Park TAS 7018

Attn: Mr Ben Waining

Dear Ben

Re: Response to request for information regarding EL17/2010 Annual Report

Further to your email dated 5 April 2013 regarding Exploration License EL17/2010, please find attached supplementary information to be appended to the annual return for the year ending 8 November 2012.

For ease of reference attachments are as follows:

Attachment A: Memorandum – Merrywood Coal Assessment of Resource Potential - Coffey Mining 20 July 2011 (Ken Morrison) - *provides direction for EL17 exploration activities.*

Attachment B: Dexon Aerial Survey - conducted

- Flight Path with Exclusion Zones & Wedge Tail Eagle Nests
- Area Map provided by Forestry Tasmania
- Area Map provided by CBM, Sustainable Development

Attachment C: HRCM Resource Overview (EL16/EL17) – 3 May 2012 – Al Maynard & Associates

Importantly, as part of the MLA submission made to MRT in November 2012 – HRCM included resource reference material - ***Geology & Coal Resources of the Fingal Tier Coal mine Project*** *October 2012*. This report required the formation of a geological model and in creating this model RWA included all available geological information on EL17.

Further, should you require reference to any of the contractors engaged in work relating to EL17 please advise and would be happy to make the connection.

We trust that the references and attached information resolves any clarification required by MRT.

Thank you for your guidance in this matter.

Yours sincerely

Craig Astill
Managing Director & CEO

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ATTACHMENT A

Memorandum – Coffey Mining 20 July 2011.

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SPECIALISTS FROM BOARDROOM TO MINE FACE

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coffey.com

Memorandum

Date:	20 July 2011
Company:	Hardrock Coal Pty Ltd
Attention:	Craig Astill
Copy:	Luke Marshall
From:	Ken Morrison (for Coffey Mining)
Subject:	**Merrywood Coalfield Assessment of Resource Potential**

1 INTRODUCTION

The Merrywood coalfield is located on the north side if the St Pauls River valley, near the small township of Royal George, and some 55 km by road from Fingal. Merrywood is considered to be a southern extension of the Fingal coalfield. The area is currently held by Hardrock Investments within EL 17/2010.

Small scale underground and open cut mining of a single 4 metre seam of good quality coal interbedded with several mudstone bands has occurred intermittently from 1945 up until as recently as 1998. It is not clear whether the Merrywood seam correlates with any of the 8 seams identified in the Fingal coal measures stratigraphy but a tentative correlation has been made with C-seam (Bacon, 1991). Much of the historic production from Merrywood was sold as raw coal to the Cornwall Coal Company and successfully blended with their run of mine product through the washery at Fingal. It is estimated from the area of the mine footprint that approximately 0.5 million tonnes of raw coal have been mined in total. Bacon (1991) estimates an "insitu reserve" of approximately 0.5 million tonnes remaining. Approximately half that amount was mined between 1991 and 1998 in the pit operated by the Merrywood Coal Company (formerly Avoca Transport), mainly by pre stripping and scavenging remnant pillars from the earlier shallow underground mine. The site has been roughly rehabilitated and vegetated so that no exposure of the coal seam remains.

There are no remaining economically viable reserves in the abandoned mine. Several rounds of exploration drilling have been conducted in the country adjacent to the mine since the 1970s and

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this report evaluates the drilling results to determine the potential for discovering a new resource by extending the coalfield beneath the dolerite cover.

2 RESOURCE PROSPECTIVITY

Geological Survey mapping of the Snow Hill sheet at 1:50,000 scale clearly shows that the Permo-Triassic stratigraphy is well exposed south of the abandoned mine and that the coal measures rocks have been truncated and eroded by the topography sloping south into the St Pauls River valley (Figure 1-geology map with drill holes in Table 1, footprint of mine). Drilling by the Merrywood Coal Company inferred a faulted boundary at the southern edge of the mine workings supporting the interpretation that the abandoned mine is the southern limit of the coalfield.

Table 1 shows the drilling in the Merrywood area considered close enough to the mine to realistically be testing extensions of the Merrywood coal seam to the north, east and west of the mine.

Good quality Merrywood seam intersections were achieved at the northern edge of the mine workings (AT6 and 78RG4) but approximately 1 km north of these holes DOM18 and MF1 prove that the coal measures have been eroded by dolerite intrusion so the maximum potential north of the mine is 1 km. To the northeast and east, the Merrywood seam was intersected along the eastern gully of Merrywood Creek (AT1, AT2, AT5), where it is shallow and weathered but shows continuity from the mine. Further to the southeast AT10 shows that the topography has truncated the seam due to the land surface sloping down towards the St Pauls River valley. It is possible that the seam is preserved under thick dolerite cover south of the river, in the White Rock Bluff to Mt Henry area, but this area is some 7 km south of Merrywood and so needs to be considered as a separate exploration target.

3.5 km to the west of Merrywood, 78RG3 intersected a 1.0 m seam of decent coal and later holes AT8 and AT9 attempted to pick up the seam at shallower depth and closer to the mine. Neither hole hit coal but they did not drill deep enough to represent a convincing test so theoretically there remains untested potential to the west. It should be noted that a substantial fault along the northwestern dolerite high wall of the mine caused repeated ground failure during both open cut mining and rehabilitation earthworks so the weight of anecdotal evidence suggests a low probability for successful exploration west of the mine.

3 CONCLUSIONS

A combination of surface mapping and several drilling campaigns effectively closes the Merrywood coalfield, in terms of sufficient potential tonnages to support a new mine, to the south, southwest, southeast and north. Insufficient drilling exists to the west and northwest to make a confident call but the evidence available is pessimistic.

The AT series of drilling shows that the Merrywood seam continues towards the northeast, under dolerite towards Dickies Ridges. This area is the best prospect for discovering an extension of the Merrywood seam by exploration drilling. Risk carried by expenditure on drilling this proposed target should be weighed against investing an equivalent budget on drilling the area immediately east of the Duncan mine lease, where the probability of success is demonstrably much higher.

For and on behalf of Coffey Mining Pty Ltd

Ken Morrison (for Coffey Mining)
Consultant Geologist

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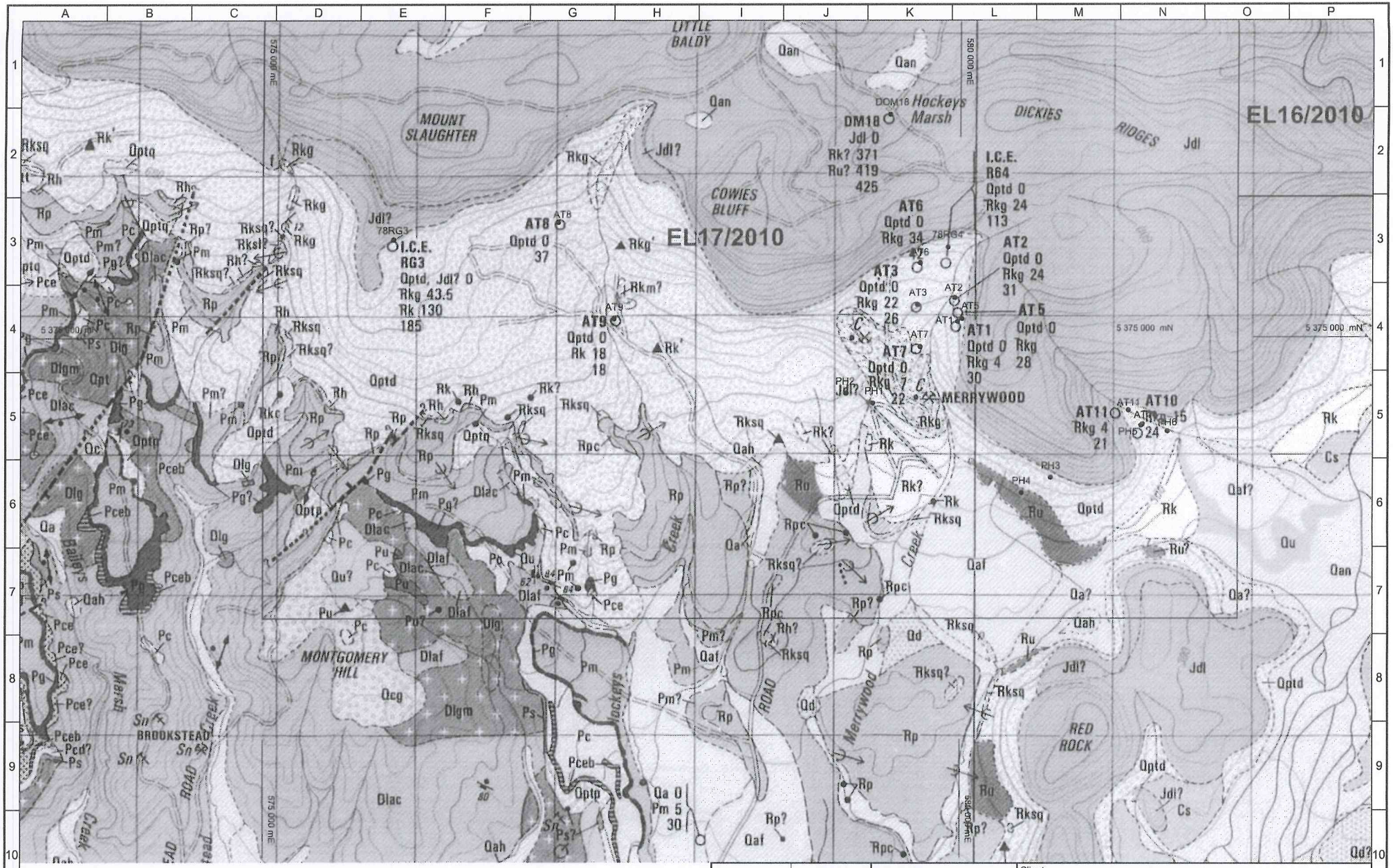
Table 1 Merrywood Area Exploration Drilling Summary
(*AGD 1966 datum Scaled from AMG maps)

Hole ID	Year	Company	Easting*	Northing*	EOH	Best Coal Intercept	Resource Potential Conclusions
DOM18	1974	Dept of Mines	579380	5376400	425m	No coal	Dolerite eroded coal measures to north
78RG3	1978	Investigator Coal	575820	5375520	184.5m	1.0m @ 27.2% ash from 66.8m	Thin good quality coal to west
78RG4	1978	Investigator Coal	579800	5375460	112.5m	Merrywood seam from 35.0m	Working section under dolerite talus to north
MF1	1984	Cornwall Coal	579000	5379000	255m	No coal	Dolerite eroded coal measures to north
AT1	1986	Avoca Transport	579870	5374930	29.6	Merrywood seam from 4.5m	Shallow weathered Merrywood seam to east
AT2	1986	Avoca Transport	579850	5375100	?	Merrywood seam from 23.5m	Shallow weathered Merrywood seam to east
AT3	1986	Avoca Transport	579580	5375050	?	Merrywood seam from 22.5m	Mined
AT4	1986	Avoca Transport	Not	Drilled			
AT5	1986	Avoca Transport	579900	5374950	27.7	Merrywood seam from 18.0m	Shallow weathered Merrywood seam to east
AT6	1986	Avoca Transport	579600	5375350	42.0	Merrywood seam from 34.0m	Working section under dolerite talus to north
AT7	1986	Avoca Transport	579600	5374750	22.0	Merrywood seam from 17.5m	Mined
AT8	1986	Avoca Transport	577000	5375640	37.0	No coal	Not drilled deep enough
AT9	1986	Avoca Transport	577400	5374950	17.5	No coal	Not drilled deep enough
AT10	1986	Avoca Transport	581200	5374200	24.0	No coal	Closes potential to east-southeast
AT11	1986	Avoca Transport	581100	5374300	21.3	Merrywood seam from 7.0m	Shallow weathered Merrywood seam to east
PH1	1992	Merrywood Coal	579260	5374350	51.0	No coal	Closes potential to south
PH2	1992	Merrywood Coal	579070	5374420	22.0	No coal	Closes potential to south
PH3	1992	Merrywood Coal	580540	5373820	29.6	No coal	Closes potential to east-southeast
PH4	1992	Merrywood Coal	580330	5373710	16.0	No coal	Closes potential to east-southeast
PH5	1992	Merrywood Coal	581190	5374190	40.0	No coal	Closes potential to east-southeast
PH6	1992	Merrywood Coal	581380	5374150	50.0	No coal	Closes potential to east-southeast



PH1 DIAMOND DRILL HOLE

GEOLOGY BASE MAP MINERAL RESOURCES TASMANIA, SNOW HILL SHEET

Drawn:	RAJ
Approved:	
Date:	20 JULY 2011
Scale:	1:25000
Original size:	A3

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Client: HARDROCK COAL PTY LTD

Project: FINGAL COAL PROJECT
MERRYWOOD PROSPECT

Title: GEOLOGY AND LOCATION PLAN

Project no: MINEHOBA00347AA | Fig no: 1 | Rev: 0

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Important information about your **Coffey** Mining Report

These notes have been prepared by Coffey Mining to help you interpret and understand the limitations of your report. They are additional to any limitations noted within the report.

Your report is based on project specific criteria

Your report has been developed on the basis of Coffey Mining's understanding of your unique, project-specific requirements, and applies only to the project investigated. Project criteria typically include the general nature of the project; its size and configuration; geology and rock mass conditions; the location of any infrastructure on the site; other site improvements; the presence of underground utilities; and the additional risk imposed by scope-of-service limitations imposed by the client. If there are any changes to the project subsequent to the date of the report, the report should not be used without first asking Coffey Mining to assess how the changes affect the report's recommendations. Coffey Mining cannot accept responsibility for problems that may occur due to changed factors if they are not consulted.

Conditions can change

Subsurface conditions are created by natural processes and the activity of man. For example, water levels can vary with time or rock mass conditions may change as a result of mining or other activity in the area. Because a report is based on conditions which existed at the time of the study, decisions should not be based on a report that may have been rendered inadequate by the passage of time. Consult Coffey Mining to be advised how time may have impacted on the project.

Interpretation of factual data

Rock mass assessment identifies actual subsurface conditions only at those points where samples are taken and only at the time of sampling. Data derived from literature and external data source reviews, sampling and subsequent laboratory testing are interpreted by geologists, engineers or scientists to provide an opinion about overall rock mass conditions, their likely impact on proposed developments and recommended actions. Actual conditions may differ from those inferred to exist, because no professional, no matter how qualified, can reveal what is hidden by earth, rock and time. Nothing can be done to change the actual rock mass conditions which exist, but steps can be taken to reduce the impact of unexpected conditions. For this reason, owners should retain the services of Coffey Mining throughout development stages, to identify variances, conduct additional testing if required, and recommend solutions to problems encountered on site.

Your report will only give preliminary recommendations for proposed developments

Your report is based on the assumption that the rock mass conditions as revealed through selective point sampling are indicative of actual conditions throughout an area. For proposed developments this assumption cannot be substantiated until project implementation has commenced and therefore your report recommendations can only be regarded as preliminary. Only Coffey Mining is fully familiar with the background information needed to assess whether or not the report's recommendations are valid and whether or not changes should be considered as the project develops. If another party undertakes the implementation of the recommendations of this report there is a risk that the report will be misinterpreted and Coffey Mining cannot be held responsible for such misinterpretation.

Your report is prepared for specific purposes and persons

To avoid misuse of the information contained in your report it is recommended that you confer with Coffey Mining before passing your report on to another party who may not be familiar with the background and the purpose of the report. Your report should not be applied to any project other than that originally specified at the time the report was issued.

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Important information about your **Coffey** Mining Report

Interpretation by other design professionals

Costly problems can occur when other design professionals develop their plans based on misinterpretations of a report. To help avoid misinterpretations, retain Coffey Mining to work with other project design professionals who are affected by the report. Have Coffey Mining explain the report implications to design professionals affected by them and then review plans and specifications produced to see how Coffey Mining's report findings have been incorporated.

Data should not be separated from the report*

The report as a whole presents the findings of the site or project assessment and the report should not be copied in part or altered in any way. Logs, figures, drawings etc. are customarily included in our reports and are developed by scientists, engineers or geologists based on their interpretation of field data and laboratory evaluation of field samples. This information should not, under any circumstances, be redrawn for inclusion in other documents or separated from the report in any way.

Geoenvironmental concerns are not at issue

Your report is not likely to relate any findings, conclusions, or recommendations about the potential for hazardous materials existing at the site unless specifically required to do so by the client. Specialist equipment, techniques and personnel are used to perform a geoenvironmental assessment. Contamination can create major health, safety and environmental risks. If you have no information about the potential for your site to be contaminated or create an environmental hazard, you are advised to contact Coffey Mining for information relating to geoenvironmental issues.

Rely on Coffey Mining for additional assistance

Coffey Mining is familiar with a variety of techniques and approaches that can be used to help reduce risks for all parties involved with a project, from design through to development. It is common that not all approaches will necessarily be examined in your report due to concepts proposed at that time. If problems are encountered as the project progresses through design toward development, speaking with Coffey Mining about alternative approaches may be of genuine benefit both in terms of time and cost.

Third party and client data

Coffey Mining may have used or relied upon information provided by the client or by third parties. Unless specifically included in Coffey Mining's scope of services, Coffey Mining has not checked or verified the accuracy of such information.

Responsibility

Reporting relies on interpretation of factual information based on judgement and opinion, and has a level of uncertainty attached to it that makes it far less exact than the design disciplines. This has often resulted in unfounded claims being lodged against consultants. To help prevent this problem, a number of clauses have been developed for use in contracts, reports and other documents. Responsibility clauses do not transfer appropriate liabilities from Coffey Mining to other parties but are included to identify where Coffey Mining's responsibilities begin and end. Their use is intended to help all parties involved to recognise their individual responsibilities. Read all documents from Coffey Mining closely and do not hesitate to ask any questions you may have.

* For further information on this aspect reference should be made to "Guidelines for the Provision of Geotechnical Information in Construction Contracts" published by the Institution of Engineers Australia, National Headquarters, Canberra, 1987.

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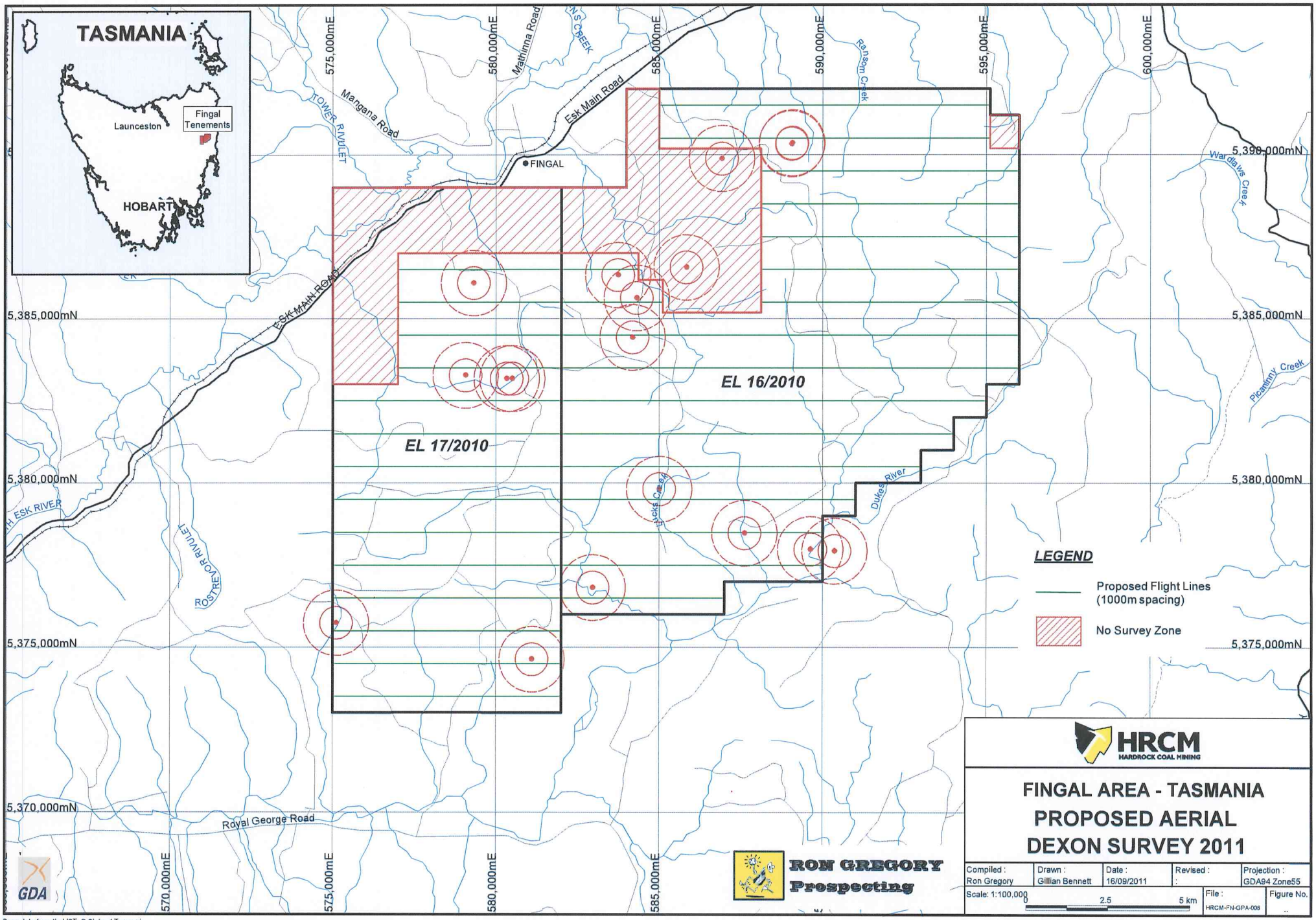
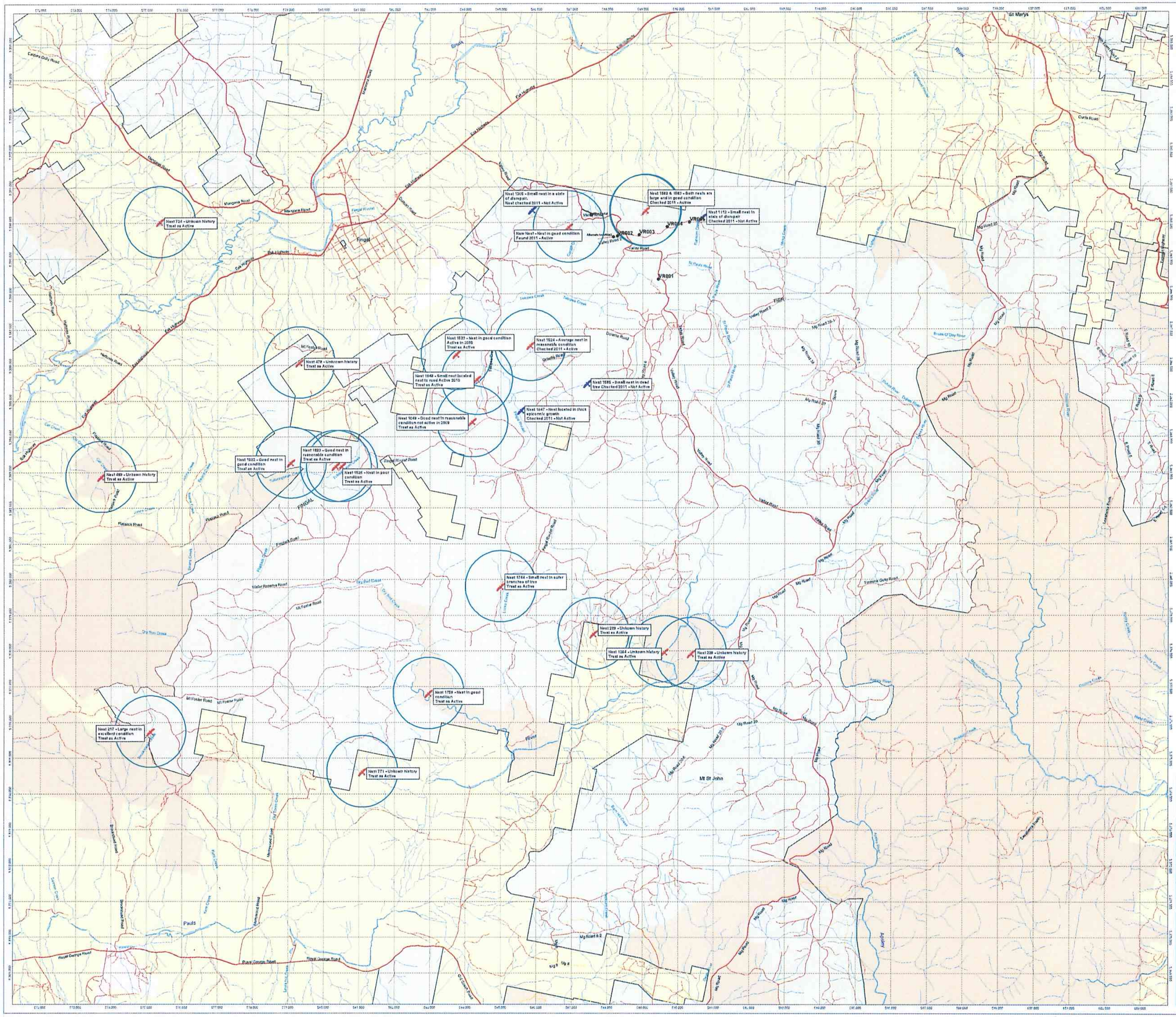
ATTACHMENT B

Dexon Aerial Survey



Base data from theLIST, © State of Tasmania



Attachment 5

Zone 2 & 3 WTE Nests

& Exclusion Zones

Nest Labels

Alternate and portal

ACTIVE OR TO BE TREATED AS ACTIVE

NOT ACTIVE

Proposed Drill Holes (Points)

Eagle Sites MF 1km Buffer_03102011

Not coded

Primary all weather
2+ lane arterial road

Sigificant all weather
2 lane feeder road

Single lane
all weather minor road

Single lane
minor road

Vehicular access track

Rivers, Streams & Creeks (25K)

State Forest Boundaries

Water

Reserve

State Forest

Private Land

Scale 1:50,000

0 2,5 km

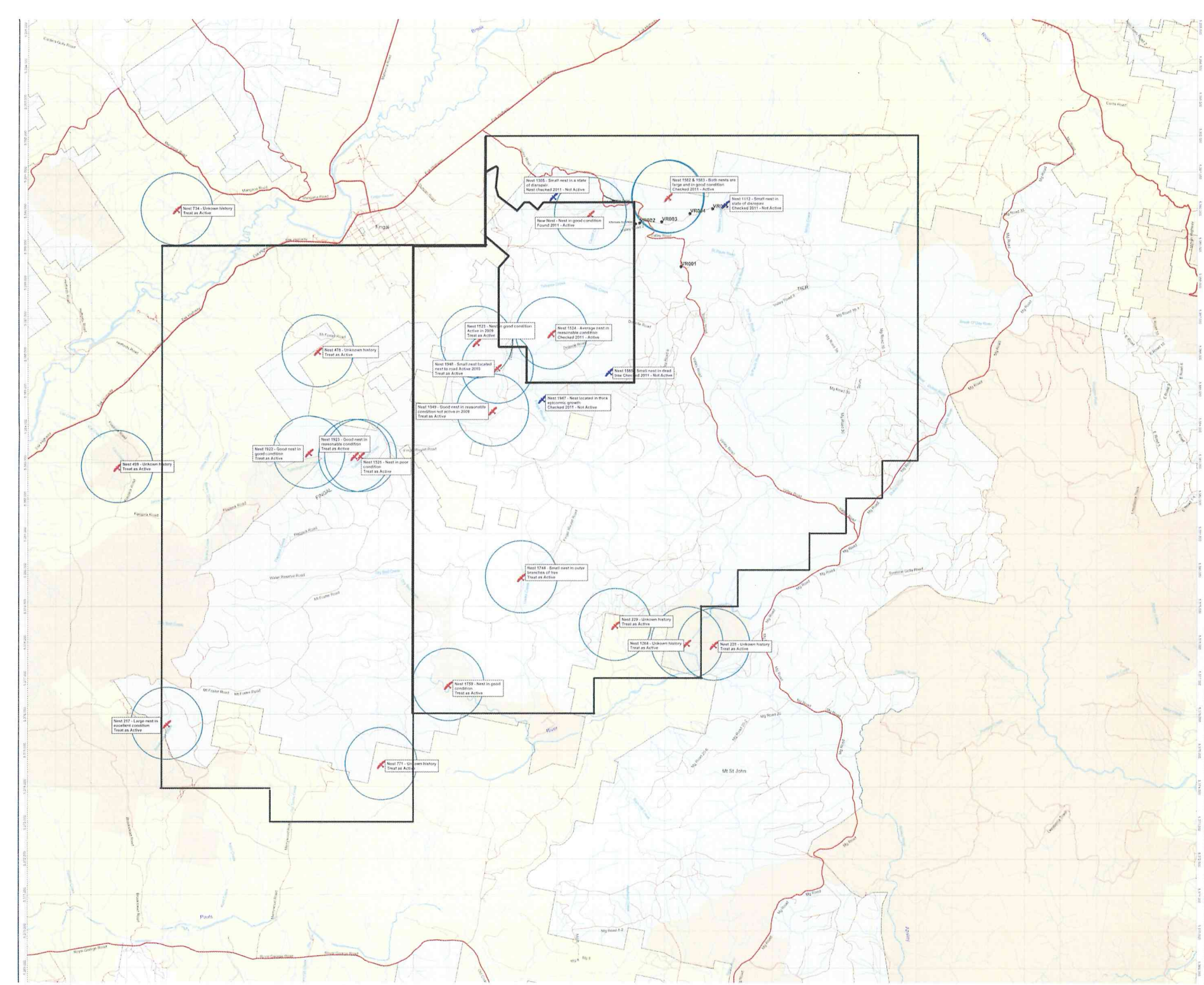
Date: Thursday, October 13, 2011

Prepared by: gst

Prepared for:

GDA

Forestry Tasmania


Nest 734 - Unkown history
Treat as Active
Nest 1305 - Small nest in a state of disrepair
Nest checked 2011 - Not Active
Nest 1502 & 1503 - Both nests are large and in good condition
Checked 2011 - Active
Nest 1112 - Small nest in state of disrepair
Checked 2011 - Not Active
New Nest - Nest in good condition
Found 2011 - Active
VR001
VR002
VR003
VR004
VR005
Fingal
Nest 1923 - Nest in good condition
Active in 2009
Treat as Active
Nest 1524 - Average nest in reasonable condition
Checked 2011 - Active
Nest 478 - Unkown history
Treat as Active
Nest 1948 - Small nest located next to road Active 2010
Treat as Active
Nest 1565 - Small nest in dead tree Checked 2011 - Not Active
Nest 1049 - Good nest in reasonable condition not active in 2009
Treat as Active
Nest 1947 - Nest located in thick epicormic growth
Checked 2011 - Not Active
Nest 1922 - Good nest in good condition
Treat as Active
Nest 1923 - Good nest in reasonable condition
Treat as Active
Nest 1526 - Nest in poor condition
Treat as Active
Nest 499 - Unkown history
Treat as Active
FINGAL
Nest 1744 - Small nest in outer branches of tree
Treat as Active
Nest 229 - Unkown history
Treat as Active
Nest 1268 - Unkown history
Treat as Active
Nest 225 - Unkown history
Treat as Active
Nest 1759 - Nest in good condition
Treat as Active
Nest 217 - Large nest in excellent condition
Treat as Active
Nest 771 - Unkown history
Treat as Active
Mt St John
TIER
Zone 2 & 3 WTE Nests
& Exclusion Zones
Nest Labels
Alternate and portal
ACTIVE OR TO BE TREATED AS ACTIVE
NOT ACTIVE
Proposed Drill Holes (Points)
Eagle Sites MF 1km Buffer_03102011
Not coded
Primary all weather
2+ lane arterial road
Sigificant all weather
2 lane feeder road
Single lane
all weather minor road
Single lane
minor road
Vehicular access track
Rivers, Streams & Creeks (25K)
State Forest Boundaries
Water
Reserve
State Forest
Private Land
Dwg No: EX4-01
Dwg: EXPLORATION;
DEXON FLIGHT PLAN
sustainability
cbm
CBM Sustainable Design
8 Broadland Dr, PO Box 1971,
Launceston TAS 7250
Ph: 03 6332 6988 Fx: 03 6331 8300
www.cbmgroup.com.au
Scale 1:50,000
0
2.5 km
5246 5646 6046
5244 5644 6044
5242 5642 6042
5240 5640 6040
5238 5638 6038
5236 5636 6036
5234 5634 6034
5232 5632 6032
5230 5630
Date: Thursday, October 13, 2011
Prepared by: cbm
Prepared for:
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ATTACHMENT C

HRCM Resource Overview EL 16 and EL 17, Al Maynard & Associates

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Consulting Geologists

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Tel: (+618) 9388 1000 Fax: (+618) 9388 1768
Mob: +61(0) 40304 9449
al@geological.com.au
Australian and International Exploration and Evaluation of Mineral Properties

HRCM Resource Overview

- Two Exploration Licenses (EL 16 & 17 -2010) covering ~ 278 square kilometres in N.E. Tasmania's Fingal Valley; a well-known coal mining area for over 100 years

- Only a small portion of EL 16 is currently being developed. EL 16 covers ~166 square kilometres and has by itself the following JORC-Compliant Resources within seven coal seams:

○ Measured Resources	-	229 million tonnes
○ Indicated Resources	-	164 million tonnes
TOTAL Measured and Indicated		393 million tonnes
○ Inferred Resources	-	616 million tonnes

- The current Mine Plan Area within EL16 covers only 10 square kilometres immediately east of the Cornwall Coal Mine where coal has been produced for over 60 years. This Mine Plan Area has the following JORC-Compliant Resources:

○ Measured Resources	-	116 million tonnes
○ Indicated Resources	-	33 million tonnes
TOTAL Measured and Indicated		149 million tonnes
○ Inferred Resources	-	30 million tonnes

Note that a 10% discount for faulting has been applied to all the resource estimates in this memo to allow for projected losses expected with the proposed room-and-pillar mining method by faulting. These resources are a sub-set of the total resources in EL16 quoted above

- A total "Exploration Target" in addition to the quoted resources above on both EL 16 and EL 17 is ~ 973-1,216 million tonnes of Thermal Coal from eight coal seams.

It is important to note that the potential quantity and grade of these Target estimates are conceptual in nature as there has been insufficient exploration to define a Coal Resource and it is uncertain if further exploration will ever result in the determination of a Coal Resource in this material.

May 3, 2012

Phil Jones
B. App. Sc. (Applied Geology)
M AIG, M AusIMM

Competent Person Statement: *The information in this memo that relates to exploration or mineral resources is based on information provided by the tenement owners and compiled by Mr Philip Jones (B.AppSc.) who is an associate of Al Maynard & Associates, is a member of the AusIMM and AIG. Mr Jones 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 described by the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Jones consents to the inclusion in this report of the matters based on his information in the form and context in which it appears*