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ANNUAL REPORT – AVOCA EL 27/2008
BLACK ROCK ENERGY PTY LTD
a subsidiary of Indicoal Mining Australia Pty Ltd

Annual Report
Exploration Licence 27/2008
201110 – 201210
J. Zuvela
20121114

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1. Introduction

Indicoal's objective at Avoca is to gather more detail on the extent of the coal seams by conducting a review of the previous works by Spitfire and additional exploration works comprising of resource definition drilling. Historical drilling around the Avoca region has defined a known area of coal seams and has provided some basic data on coal quality. There is not enough information at this stage to move towards a resource calculation.

Coal is present in the Avoca area in an outlier of Triassic sediments of the Upper Parmeener Group. The coal seams occur in a fluvial lithic sandstone facies near the top of the sequence. Several small underground and open cut mines have operated in the area previously and have exploited a coal seam up to 3.5m thick. Previous production is estimated to be 400,000 tonnes. Seam thickness is reported to change rapidly and local faulting is present. A thick Jurassic age dolerite sill has intruded the sediments and is present over much of EL27/2008. The sill dips at about 5° to the west and is several hundreds of metres thick in places. It is located above the coal seams and from the limited amount of coal quality data available, it does not appear to have devolatilized the coal. Subsequent erosion has removed the dolerite in places exposing the underlying Triassic sediments and also appears to have eroded some of the coal bearing sequence in some areas.

Previous exploration drilling has been conducted by Mineral Resources Tasmania (MRT) around the previous mine workings (C series holes), by WMC in 1976 (TAR series holes) and by Shell Australia in 1977 (AV series holes). The location of these holes is shown in Figure 1. Holes TAR1, TAR2, TAR3, and TAR8 located thin coal seams preserved near the margins or immediately below the Jurassic sill. The coal bearing sequence appears to have been eroded along the course of Buffalo Brook. Buffalo Brook flows from the centre of the EL towards the south.

This report refers to the tenement number EL27/2008 which is in the district of Avoca, roughly 6km NNW of the Avoca Township (see Figure 1).

The current tenement holder is BRE, which is a subsidiary of Indicoal who acquired the Avoca tenement as part of a transaction whereby it purchased all the issued equity and capital of BRE from Spitfire on 6 June 2011.

The reporting period for this licence report is 1 July 2011 to 30 June 2012.

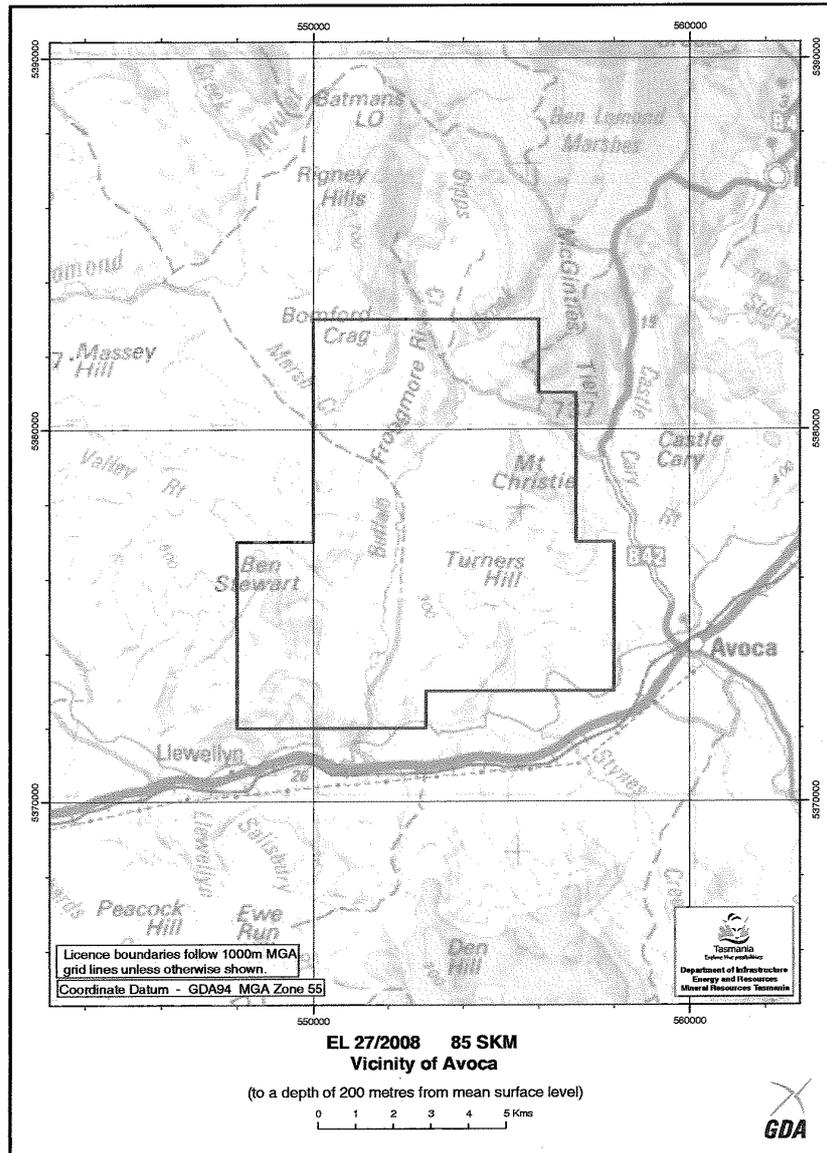


Figure 1: EL 27/2008 Location Map

2. Exploration Completed During the Report Period

The Geological Coal consulting group given the task of assessing the project was Marston International Pty Ltd (Marston), through consultant Neil Fraser.

Work included a geological review by Marston, including a site visit during the September 2011 quarter. The review concluded in the December 2011 quarter

3. Conclusions

Notwithstanding the presence of coal on the tenement, after the geological review it was concluded that weakening prices in the internationally traded coal market and the transport infrastructure in the region made it unlikely that development would be economically feasible in the near future.

4. Environment

No environmental disturbance was involved in the work conducted during the period.