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

Relinquishment Report
Exploration Licence 27/2008
“Avoca”
G Boden
14 November 2012

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1. Exploration Philosophy

The current tenement holder of exploration licence 27/2008, Black Rock Energy Pty Ltd (BRE), was sold to Indicoal Mining Australia Pty Ltd (Indicoal) by Spitfire Resources Ltd (Spitfire) on 6 June 2011. Indicoal acquired ownership of the tenement as part of a transaction whereby it purchased all the issued equity and capital of Black Rock Energy Pty Ltd.

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 previous operators (Spitfire) conducted part of the works during the reporting period.

Indicoal's objective at Avoca was 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 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.

The last annual report for EL27/2008 was lodged for the period 13 October 2011, the anniversary date of tenement grant.

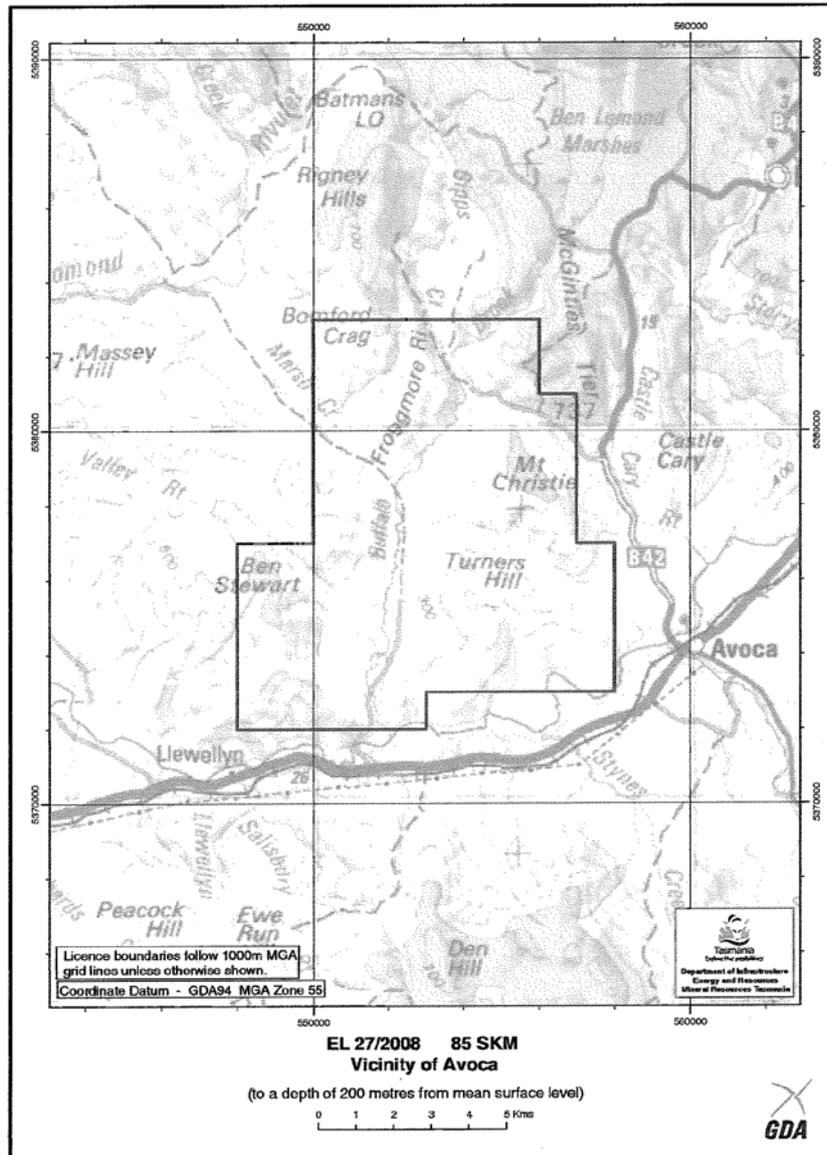


Figure 1: EL 27/2008 Location Map

2. Summary of exploration

A comprehensive data review was undertaken by Spitfire in conjunction with Neil Fraser of Marston. This was to gain an understanding of the geology and to ascertain the exploration process.

During the October 2010 reporting period, Spitfire conducted a drilling programme targeting coal seams within the licence area. Marston was contracted to run the drilling programme in accordance with the environmental recommendations set out by the MRT.

The drilling programme comprised:

- A site visit by Spitfire representatives to finalise the drill collar locations;

- A Work Programme Application (WPA) was submitted to MRT on the 23rd March 2010 and granted on the 28th April 2010;
- Marston supervised the drilling programme within the Avoca Tenement;
- KMR Drilling (a local drilling contractor) conducted the drilling operations (see Figure 2), comprising:

18 holes of RAB Drilling	Totalling	1023.70m
2 Holes of HQ3 Diamond Core Drilling	Totalling	89.00m
	Total	1112.7m

- Samples were collected and submitted to SGS in Newcastle for analysis;
- Down hole surveying was completed at Avoca on all drill collars where possible;
- All drill sites were rehabilitated and a visual site inspection was conducted on all drill sites by the Marston Representatives to ensure minimal ground disturbance and that all environmental standards had been followed.

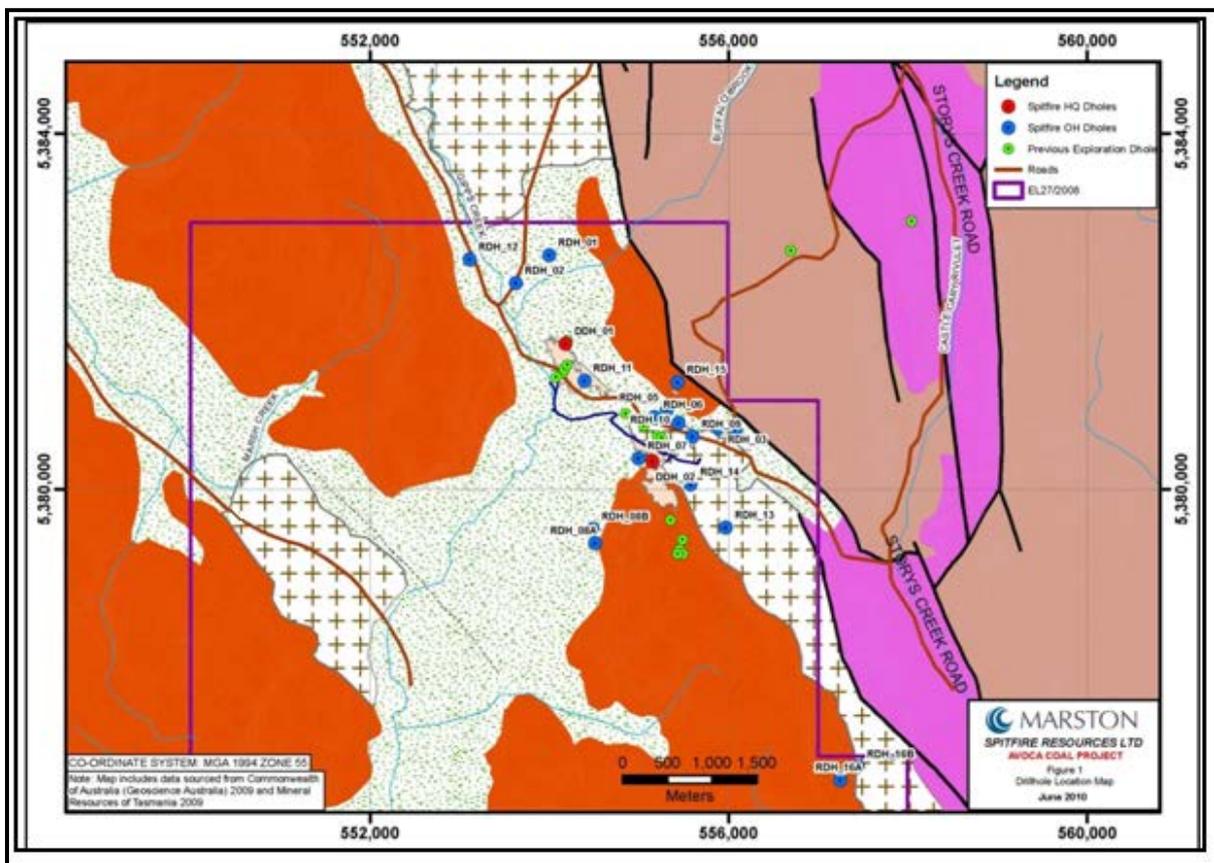


Figure 2: EL 27/2008 - Avoca 2010 Drill Collar Location Map

Multiple coal seams were encountered, in some instances up to 3.5 metres thick, intersected over a strike length of up to 5-7km. The extensive nature of the coal seams indicated the possibility that the Avoca Project may host significant coal volumes. Coal has been mined in the areas surrounding Avoca almost continually since 1923.

Selected samples from the drilling program were despatched to SGS in Newcastle for a 3-month program of coal quality analysis.

Spitfire collected four coal seam composite samples from the Avoca Project that were submitted for float-sink testing, with key results summarized below:

- one sample produced export quality thermal coal with an apparent yield of 85%;
- indicative product quality is 12.3% ash, 0.51% total sulphur with a calorific value of 28.9 Mj/kg (6,902 kcal/kg) – all values reported on air dried basis;
- the average Hardgrove Index of 52 indicates that product coal will mill satisfactorily; and
- the ash fusion temperature for initial deformation of +1,570 0C and base acid ratio of 0.54 indicate satisfactory boiler slagging and fouling characteristics.

This sample shows that good coal quality can be located at Avoca. However more exploration drilling and testing of the area is required to qualify this sample as representative.

3. Exploration completed since previous annual report

No field work has been conducted since the October 2012 annual report.

It was concluded that further exploration expenditure was not warranted at this time.

4. Nature and distribution of mineralisation

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.

5. Bibliography of reports

Annual Report October 2011 – Black Rock Energy Pty Ltd

Annual Report October 2012 – Black Rock Energy Pty Ltd

6. Transparencies

None

7. Site work and rehabilitation

All environmental advice and clearance was obtained from MRT before work commenced and every care was taken to avoid environmentally sensitive areas.

All drill pads and collars were rehabilitated to local environmental standards.

8. Digital datasets

None