



ANNUAL REPORT FOR: RETENTION LICENCE 8/1987

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Abstract

Retention Licence RL8/1987 is located on the south west corner of Mining Lease ML1653PM and has an area within its boundary of 9 sqkm. The northern section of the licence is excluded as there is an overlap from Mining Lease ML1653PM and this reduces its size to 7sqkm. The licence area contains some potential open cut resources but is also important as an area where entries into the future Blackwood No6 may be required. Activities are currently limited to modelling of existing data and more closely defining the outcrop of coal bearing strata. Figure 1 shows the relativity of the RL to the ML and the extent of the exclusion area.

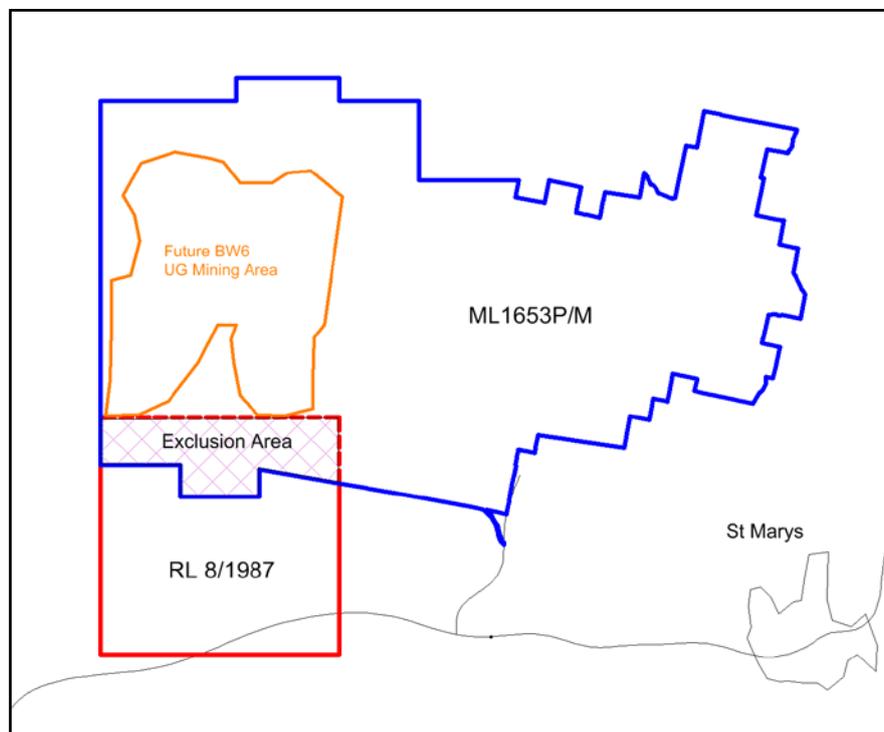


Figure 1 Position of RL relative to the ML and St Marys

1 Introduction

For this report:

- The datum used is GDA94,
- The exploration rationale is to determine if there are viable open cut areas and to locate areas where underground entries might be located,
- The licence number is RL8/1987 and the licence area is located in the Fingal Valley west of St Marys,
- The reporting period is from August 2013 to August 2014,
- The single owner is Cornwall Coal which is a wholly owned subsidiary of Cement Australia Pty Ltd.

The coal resource within RL8/1987 is a continuation of the underground coal resources found within ML1653PM to the outcrop. The area was explored by Shell Australia in the 1980s and resources were identified in the Upper and Lower Fenton coal seams and exploration reports were provided to the Tasmanian Government at the time. The resulting feasibility studies and abridged geological information is in Cornwall Coal's possession. Since that time there has been no physical exploration of significance. The location of RL8/1987 is shown in Appendix 1.

2 Review of Previous Work

Previous work has comprised of drilling thirty five (35) drillholes. Of these holes 32 holes were drilled by Shell in 1980-1981, twenty four (24) of them are in the exclusion zone and eleven (11) in the RL area. Drillhole data in terms of hole number, location, collar RL and total depth is given in Appendix 2 and their location is shown in Appendix 3. Much of the Shell data is contained in MRT report 83-1896 which has diagrammatic representations relating to geology, coal seam profiles, geotechnical testing and coal analysis. Some of the data was entered into the Cornwall Coal Mt Nicholas geological model to the extent that it was needed for underground planning purposes.

Cornwall Coal has undertaken some high level evaluation of this data and considers that an open cut resource exists which is referred to as Millbrook that contains approximately 410kt of Fenton seam coal (Upper and Lower) at a strip ratio of 10:1 (cum overburden:cum coal) or 7.5:1 (cum overburden:tonne of coal).

3 Exploration Completed During Reporting Period

In relation to exploration work completed during the period:

- No regional exploration activities have occurred.
- No prospect based exploration activities have occurred.
- Desktop work commenced and has included:
 - incorporation of more data into the Cornwall Coal Mt Nicholas resource model,
 - modelling of the data to estimate the outcrop of the coal seams, and
 - consideration of the open cut potential.

The methodology adopted for the modelling has been to generate a topographic model (10m grid cell) over the potential open cut resource areas of the Upper and Lower Fenton Seams, generate a preliminary model of the roof structure and depth of cover of the Lower Fenton Seam and interpolate the seam out crop by intersecting the roof structure model of the Fenton Lower seam with the terrain model. Following incorporation of a Google map image, various maps have been generated to give aerial views of the RL from the south but these are not included in this report.

4 Discussion of Results

The work undertaken during the reporting period has resulted in a revision to the open cut potential of the RL. Appendix 3 shows that in addition to Millbrook there are two further areas that have open cut potential. These are:

- Block 1 – Unnamed – Inferred resource – No quantities.
- Block 2 – Millbrook – Measured resource - Approx 410kt.
- Block 3 – Unnamed – Inferred resource – No quantities.

5 Relationship to ML1653 P/M

RL8/1987 is located on the South West corner of ML1653 P/M. In addition to having open cut potential it is a possible entry site into the Upper and Lower Fenton Seam underground resource.

There is no separate geological model for this Retention Licence as the area is covered by the geological model that Cornwall Coal maintains for Mt Nicholas. That model is provided to MRT as part of the confidential reports submitted for ML1653 P/M.

6 Conclusions

From results obtained both prior to the reporting period and during the last reporting period it is concluded that there are coal resources within the RL which may be amenable to open cut extraction and warrant further evaluation and ultimately inclusion within the ML.

7 Environment

The License Holder has not accessed the License area to undertake exploration activities during the reporting period consequently it is reported that there has been no surface disturbance. There has been access on foot for the purpose of land survey and familiarisation.

8 Expenditure

Expenditure is estimated at:

- High level evaluation of Millbrook - \$5,000
- Geological modelling - \$25,000
- Preparation of Annual Report - \$2,500

9 References

There are no References.

APPENDICES

APPENDIX 1 - Location plan from MRT Files.

APPENDIX 2 - Listing of drillholes.

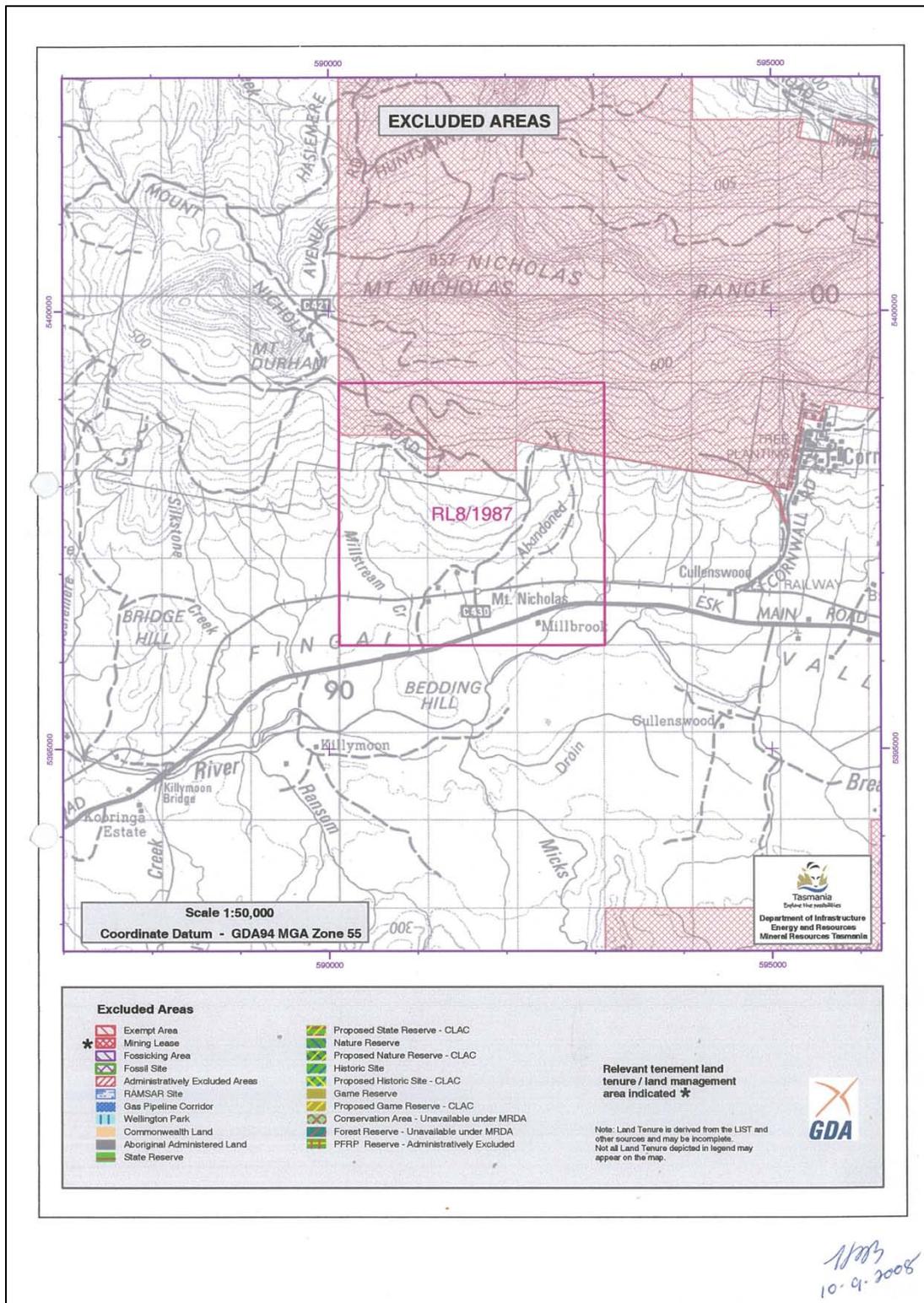
APPENDIX 3 - Location of drillholes

APPENDIX 4 - High Level Modelling of the Millbrook prospect.

APPENDIX 5 – Files on Disc:

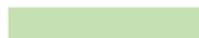
- a) This File: RL081987_ANNUAL_REPORT_2014.pdf
 - b) File Verification Listing (MRT format): RL081987_201405_FILELIST.xls
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Appendix 1 - Location of RL8/1987 from MRT Files

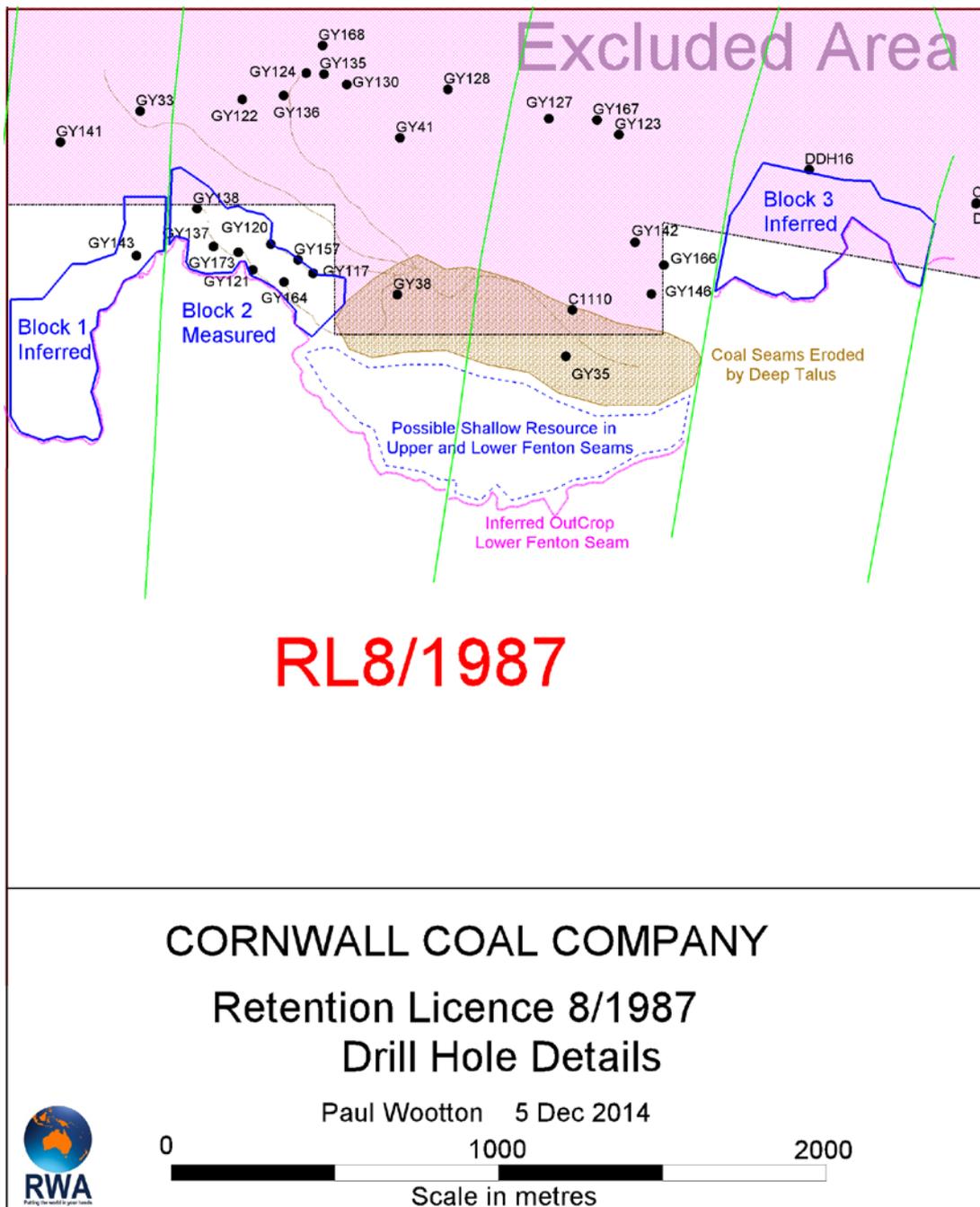


Appendix 2 – Listing of Drillholes within the Overall RL Boundary

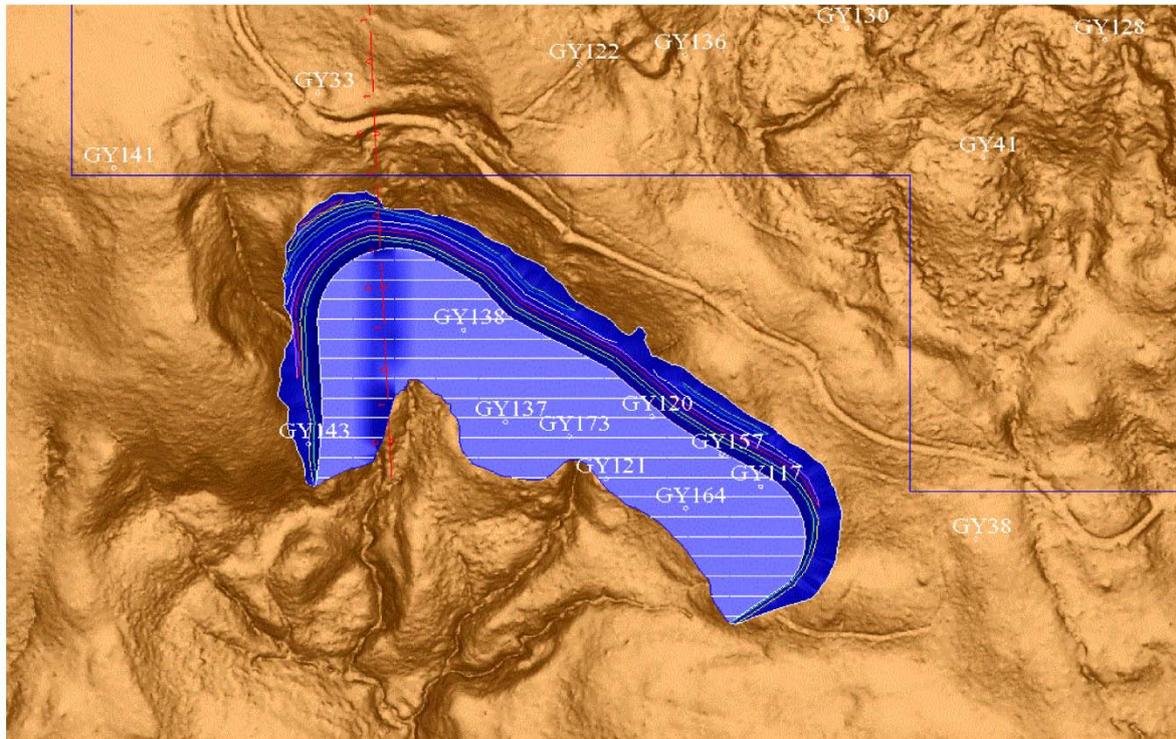
Drill Hole	East (MGA)	North (MGA)	Collar RL (AHD)	Total Depth
GY35	591,817.0	5,398,118.0	356.0	56.7
GY117	591,046.2	5,398,372.0	392.8	54.5
GY120	590,917.2	5,398,461.0	394.5	54.0
GY121	590,862.2	5,398,382.0	349.9	18.3
GY122	590,830.2	5,398,906.0	475.0	30.3
GY123	591,979.2	5,398,798.0	463.0	141.4
GY124	591,025.2	5,398,987.0	453.6	4.3
GY127	591,765.2	5,398,847.0	473.0	48.5
GY128	591,457.2	5,398,937.0	473.5	64.0
GY130	591,149.2	5,398,952.0	457.2	42.0
GY132	591,567.2	5,399,912.0	620.7	283.9
GY135	591,079.2	5,398,984.0	458.1	18.0
GY136	590,956.2	5,398,918.0	453.1	36.5
GY137	590,742.2	5,398,454.0	357.1	16.0
GY138	590,692.2	5,398,570.0	372.1	31.0
GY141	590,275.2	5,398,775.0	458.8	42.5
GY142	592,028.2	5,398,467.0	393.3	62.0
GY143	590,507.2	5,398,426.0	355.2	24.5
GY146	592,078.2	5,398,308.0	352.0	17.4
GY151	590,949.2	5,399,237.0	524.1	186.4
GY157	591,000.2	5,398,413.0	393.0	54.5
GY164	590,957.2	5,398,345.0	355.8	18.2
GY166	592,116.2	5,398,397.0	364.0	36.5
GY167	591,912.2	5,398,843.0	468.7	45.0
GY168	591,075.2	5,399,072.0	472.7	132.4
GY173	590,818.2	5,398,436.0	357.9	10.9
GY28	591,014.2	5,399,777.0	593.5	335.0
GY33	590,518.2	5,398,870.0	467.2	132.9
GY38	591,303.2	5,398,306.0	391.4	75.0
GY40	590,411.2	5,399,744.0	583.8	229.5
GY41	591,311.2	5,398,788.0	448.8	118.0
GY43	591,625.2	5,399,433.0	559.1	238.3
DDH16	592,559.0	5,398,690.0	394.0	54.3
DDH21A	593,067.0	5,398,585.0	400.0	45.3
C0021	593,068.0	5,398,588.0	401.0	80.0
C1101	593,639.5	5,401,723.4	448.8	60.8
Total metres				2,898.7

 Drillholes in 'Excluded' area

Appendix 3 – Location of Drillholes within the Overall RL Boundary



Conceptual Design - Millbrook Open Pit



Total Coal	BCM	Tonnes
Min	125,000	162,500
Max	315,000	409,500
Total Waste	3,135,000	
Total Pit Volume	3,500,000	

Strip Ratio

bcm:tonne	7.7
bcm:bcm	10.0

Detail provided and evaluation undertaken by Chris Pedersen – Surveyor