



HardRock Coal Mining Pty Ltd
ACN: 150 741 094

ANNUAL REPORT FOR

EXPLORATION LICENCE EL16/2010

Period covered: November 2013 to November 2014

Licensee: Hardrock Investments Pty Ltd
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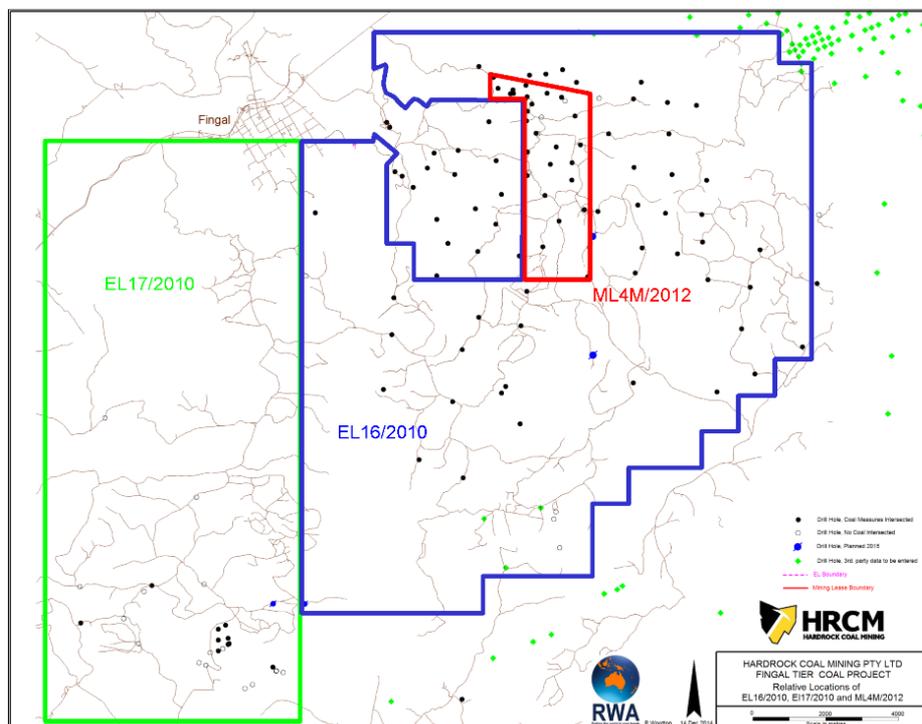
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ABSTRACT

The original boundary of Exploration Licence EL16/2010 virtually encircled Mining Lease 1653P/M which contains the now closed Duncan Mine. In September 2013 a section of the Exploration Licence on the eastern side of Mining Lease 1653P/M became Mining Lease 4M/2012 and the exploration objective within the remainder of the licence area became to further define coal resources, particularly those adjacent to Mining Lease 4M/2012.

There has been considerable exploration drilling in the licence area, firstly by the Tasmanian Department of Mines in the 1970's & 1980's and recently by HardRock Coal Mining (HRCM). EL16/2010 is considered by HRCM to be part of a larger exploration area that includes EL17/2010 and 4M/2013 and as such there is a single geological model which covers the area. The model and JORC compliant resource statement are, by agreement with Mineral Resources Tasmania (MRT), confidential at this stage.

The relativity of the three domains is shown below with EL16/2010 outlined in blue.



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1 Introduction

1.1 Licence Area, Report Datum, Reporting Period

EL16/2010 originally covered an area of 166 km² which has been effectively reduced to 146 km² following granting of the mining lease. The original boundary is shown on the attached **Figure 1**, which is the plan contained in the licence document. It is located immediately south east of Fingal township. The Report Datum is GDA94 (MGA Zone 55) and the reporting period is from November 2013 to November 2014.

1.2 Exploration Rationale

The aim of exploration on EL16/2010 is to further define the coal resource within the licence area, particularly the resources adjacent to Mining Lease 4M/2012.

1.3 Geological Setting

The coal seams of interest lie within the Triassic Upper Parmeener Super Group. The upper limit is defined by outcrop or the overlying Jurassic Dolerite which forms a discordant upper limit to the coal measures. The base of coal bearing strata is defined by a formation highlighted by the presence of white quartz rich sandstone beds.

Large volumes of Jurassic dolerite have intruded the Parmeener Supergroup stratigraphy, and in the project area dolerite outcrop up to >400metres thickness covers most of the coal measures. Cainozoic tectonic rifting and periglacial landscape development processes through the Fingal Valley have produced the escarpment and benched dolerite talus slope morphology which characterizes the landscape of the project area.

Surface geology is shown on the attached **Figure 2**, which is from the MRT 1:25,000 geological map series.

1.4 Coal Measures Geology

The coal seams are hosted within an approximate thickness of 250 metres of fluvial lithic sandstones and minor siltstones, argillic and carbonaceous mudstones, and minor air fall volcanoclastics.

There are 8 coal horizons which are identified simply "A" to "H" Seams in descending order. Seams F and G have significant areas of economic thickness and coal quality in EL16. The other coal beds are either removed by the dolerite or are generally represented by minor coal or carbonaceous shale bands. At the regional scale the coal measures show a south easterly dip of 1-2°.

The F Seam is equivalent to the Duncan Seam worked in Duncan Colliery and is the target seam. The G Seam has been identified as the East Fingal Seam from drilling carried out in the early 1980s and there is a short entry into the seam at the old Valley No2 mine.

1.5 Other Information

The tenement holder and licence owner is HardRock Investments Pty Ltd of P.O. Box 3051, Prahan East, VIC 3181. There is no joint venture structure and there have been no title transfers during the reporting period.

2 Review of Previous Work

The following review of previous exploration activities have been carried out by HRCM.

2.1 Literature Review

Reports and documents relating to previous exploration and mining activities have been reviewed. Drillhole, mining and geological mapping data have been entered into databases established by HRCM for the Fingal Tier coal project. In addition within and immediately adjacent a further 82 holes totaling 7258 metres of drilling have been identified and the reports downloaded from the MRT website. It is intended that this data will be entered into HRCM Fingal Tier data base and used to remodel the Fingal Tier coal geology and reappraise coal resources in the project area.

2.2 Air-photo Interpretation

The extent of Jurassic dolerite was mapped from aerial photographs and access for geological mapping and drill sites were assessed.

2.3 Surface Mapping

The extent of dolerite and surface talus were confirmed as drill site access for the planned holes was checked.

3 Exploration

3.1 Desktop Studies

Work continued on locating and inputting of historical drill records and associated data into the geological model.

3.2 Regional Exploration Activities

No regional exploration was conducted in 2013-2014

3.3 Prospect-based Exploration Activities

Other than continuation of geological modeling and feasibility work, there were no other activities.

3.4 Drilling

No drilling was undertaken during the reporting period.

3.5 Dexon Technology

Dexon Technology Pty Ltd was engaged to undertake both an aerial and ground survey over EL16/2010 and part of EL17/2010 using Dexon Resonance Frequency Geological Technology (DRFGT) and also conduct an assessment of five (5) vertical sounding confirmation scans (VSCS) in locations where exploration drillholes were planned. In November 2011 the aerial survey, ground survey and five (5) VSCS's were undertaken. No results of the aerial and ground survey were provided but a Report Dated January 2012 on the VSCS work has been located and is attached as Appendix 3. Note that Dexon Technology Pty Ltd is no longer trading.

4 Results

There are currently no results to discuss and the status of the resource statement for EL17/2010 is part of the consolidated JORC statement for ML4M/2012 and is confidential at this stage.

With respect to the Dexon Survey, the report concluded that drillholes were required to validate the results obtained by DRFGT, which negates the apparent benefit of the technology. As time permits, HRCM commits to a comparison of the results from the Dexon Survey, with those obtained from drillholes.

5 Conclusions

There is a coal resource adjacent to the eastern and southern boundaries of ML4M/2012, and a possible coal resource in the south west corner adjacent to the south east corner of EL17/2010 which needs better definition.

6 Environment

All drillholes have been rehabilitated with the exception of VR10 site and associated sumps which are required for water monitoring installation in 2015.

7 Expenditure

Expenditure, being the total of four quarterly reports spanning 1 Oct 2013 to 30 Sept 2014, is shown below:

Expenditure EL16/2010	
Expense Category	Value
Geoscientific	
Geology	\$ 68,510
Geochemistry	\$ 19,654
Gephysics	\$ -
Remote Sensing	\$ -
Drilling & Gridding	\$ -
Gridding	\$ 8,800
Meters Drilled	0m
Drilling	\$ -
Land Access	\$ 1,200
Rehabilitation	\$ 5,382
Feasibility	\$ 37,893
Other	\$ 24,826
Admin	\$ 10,996
Total	\$177,261

8 References

Bacon, C.A. 1991. The Coal Resources of Tasmania. *Bull. Geol. Surv. Tasm.* 64.

9 Appendices and Attachments

Figure 1 - Plan of Licence boundary from MRT Approval Document

Figure 2 - Surface Geology Plan from MRT 1:25,000 map series

Appendix 1 - Report from Dexon Technology Pty Ltd (As a PDF file)

10 File List

Exploration Work Type	Filename	File format
Report	EL162010_201501_01_ANNUAL_REPORT_2013-14.pdf	pdf
Drilling		
Surface sampling		
Other Airborne Survey	EL162010_201501_02 Dexon Survey Report for HRCM dated 20120127.pdf	pdf
File Verification Listing	EL162010_201501_03_FILELIST.xls	xls

END OF REPORT

APPENDICES and ATTACHMENTS

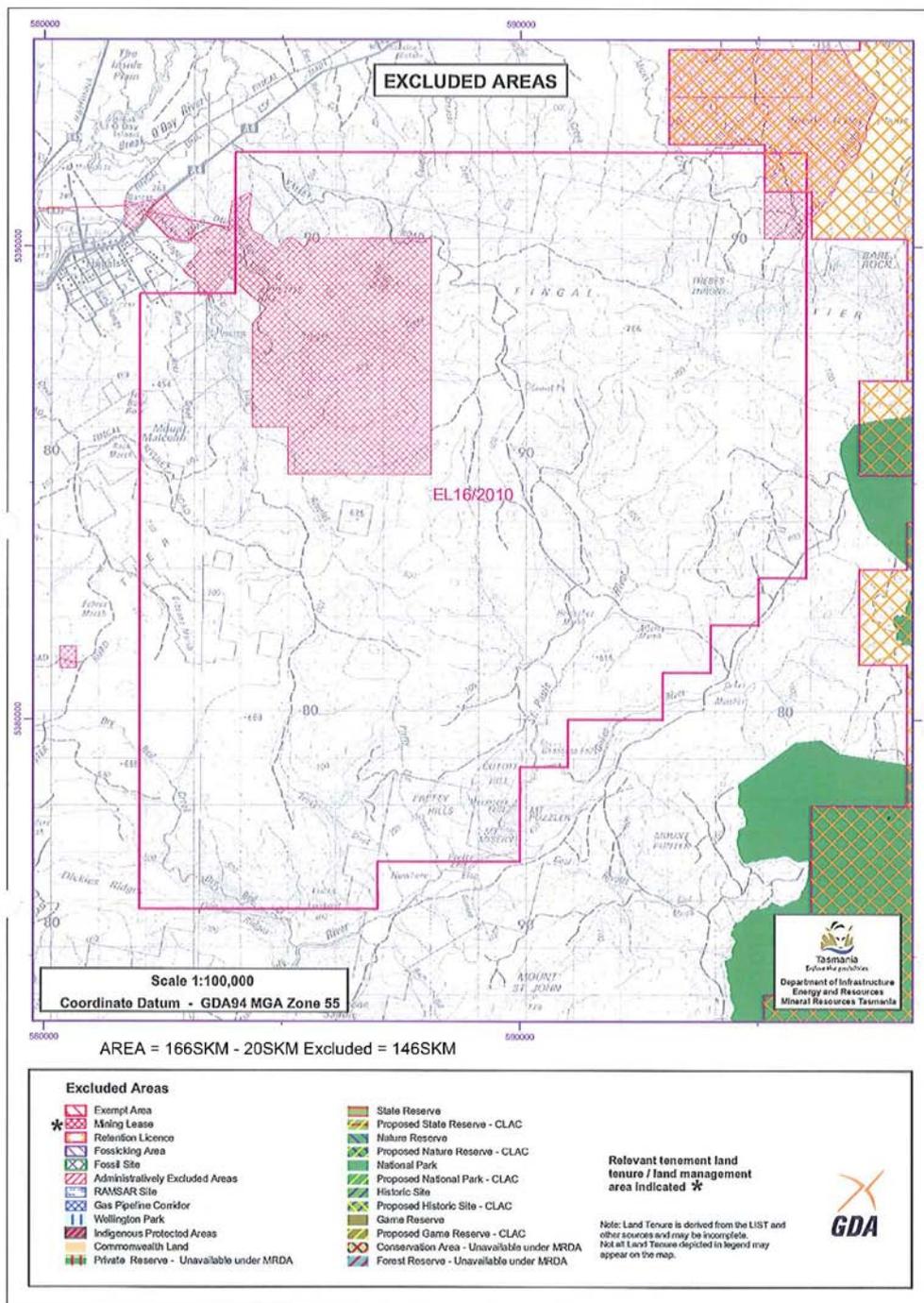


Figure 1 – Location Map for EL16/2010

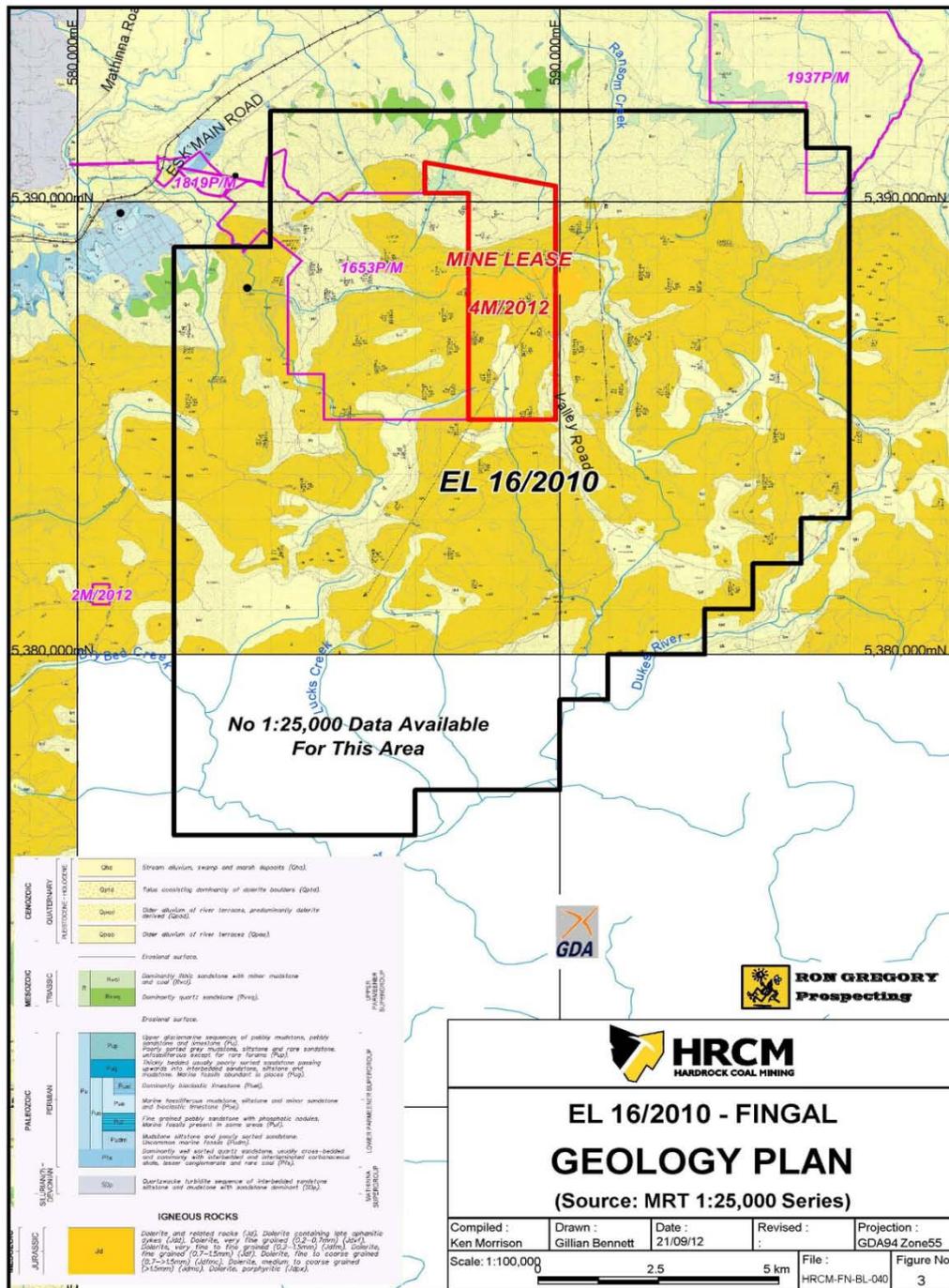


Figure 2 - Surface Geology Plan from MRT 1:25,000 map series

APPENDIX 1

Report from Dexon Technology Pty Ltd dated 20121207 (As a PDF file)