

EL65/2007 Tunbridge Annual Report 2015

EL 65/2007 (TUNBRIDGE)

September 2014 – September 2015

Energy Investments Pty Ltd
(ACN: 127 733 206)

Authors:

Ron Gregory, Luke Marshall & Daniel Macri

Report Date: September 2015

Abstract

The purpose of EL65/2007 is to locate an economically feasible coal resource for potential extraction.

Following a successful 2014 drilling program at the Woodbury prospect, the existing JORC resource was updated during the year.

As per the exemption of conditions granted for 2015, lack of capital has reduced our ability to conduct costly exploration activities in the year.

However the company has not stopped progressing the projects, instead focusing on less costly feasibility studies, coal marketing and mine planning.

Contents

1. Introduction	4
1.1 Report Datum	4
1.2 Exploration Rationale	4
1.3 Geological Setting	4
1.4 Licence Information	5
1.4.1 Licence Number	5
1.4.2 Licence Name	5
1.4.3 Licence Location	5
1.4.4 Reporting Period	5
1.4.5 Tenement Holder	5
2. Previous Work	6
2.1 Work Prior to Current Licence	6
3. Exploration	6-9
3.1 Desktop Studies	6-7
3.2 Regional Exploration Activities	7
3.3 Prospect-based Exploration Activities	8
3.3.1 Prospect-based Exploration Activities	8
3.3.2 Geology	8
3.3.3 Geochemistry	8
3.3.4 Geophysics	8
3.3.5 Remote Sensing	8
3.3.6 Drilling	9
3.3.7 Ore Reserves and Resources	9
3.3.8 3D Modelling	9
4. Results	9
5. Conclusions	10
5.1 Conclusions	10
5.2 Recommendations	10
6. Environment	10
7. Expenditure	10
8. References	11
9. Appendices List	11

1. Introduction

The aim of the current exploration programme on EL 65/2007 (Woodbury) is to quantify a JORC resource in the near surface Triassic coal measures.

The coal measures are associated with a lithic sandstone sequence which has been preserved from erosion by the overlying Jurassic dolerite capped Black Tier Range immediately to the south of the Woodbury deposit. Continuity of the coal seams has been established by past explorers through a combination of lithological, geophysical and analytical correlation. The Woodbury trough trends 1120 and extends for a minimum of 9 kilometres (km) long and is 1 km wide. The Kuranda Graben forms a cross cutting structure trending 630 and is approximately 4 km long and 700 meters (m) wide. Coal seam distribution and lateral extent is not restricted to the graben structures.

Black coal was first discovered by Victor Petroleum and Resources Ltd, at Woodbury in 1981. Historically a number of companies have explored the region for coal, for relatively shallow open cut potential.

1.1 Report Datum

GDA94

1.2 Exploration Rationale

The aim of the current exploration program on EL 65/2007 (Woodbury) is to quantify an economically extractable JORC resource in the near surface Triassic coal measures.

1.3 Geological Setting

The coal measures are associated with a lithic sandstone sequence which has been preserved from erosion by the overlying Jurassic dolerite capped Black Tier Range immediately to the south of the Woodbury deposit.

Continuity of the coal seams has been established by past explorers through a combination of lithological, geophysical and analytical correlation. The Woodbury trough trends 112⁰ and extends for a minimum of 9 kilometers (km) long and is 1 km wide. The Kuranda Graben forms a cross cutting structure trending 63⁰ and is approximately 4 km long and 700 meters (m) wide. Coal seam distribution and lateral extent is not restricted to the graben structures.

Black coal was first discovered by Victor Petroleum and Resources Ltd, at Woodbury in 1981.

Historically a number of companies have explored the region for coal, for relatively shallow open cut potential.

1.4 Licence Information

1.4.1 Licence Number

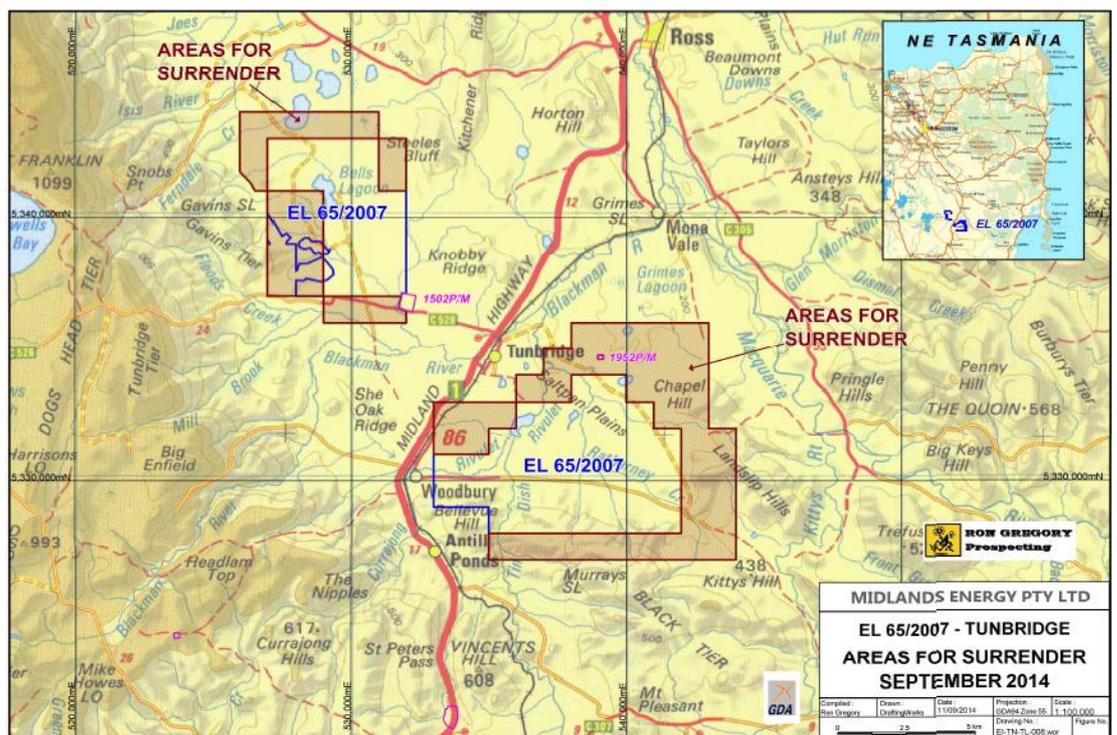
EL65/2007

1.4.2 Licence Name

Tunbridge

1.4.3 Licence Location

Tunbridge district including Woodbury



1.4.4 Reporting Period

18th September 2013 – 17th September 2014

1.4.5 Tenement Holder

Energy Investments Pty Ltd

2. Previous Work

2.1 Work Prior to Current Licence

A number of past explorers have conducted significant exploration over the Woodbury tenement. A joint venture between Costain Australia Limited, Victor Petroleum & Resources Limited and North West Bay Company Pty. Limited completed a study into the economics of supplying a nearby coal fired power plant in 1983 proposed by the Hydro Electric Commission of Tasmania.

3. Exploration

3.1 Desktop Studies

Despite the scarcity of fresh capital, management instead aimed to keep the project progressing by less costly means. We have utilized our network of consultants and contacts to advance the project significantly without spending vast sums of money.

A significant milestone was the company executing a Letter of Intent for offtake with a Chinese state owned enterprise following a site visit by them to Tasmania and the “Woodbury” & “Jericho” sites earlier in the year. This Chinese company originally wanted to invest in or purchase the combined projects outright, but perceived the regulatory risk of gaining mining approvals unpalatable, instead preferring to confirm their interest and confidence in the projects by way of future offtake for export from Tasmania to Southern China.

Our company has also engaged an independent analyst to conservatively value the projects with a view to using this information to help entice potential investors and secure ongoing funding. The company has also published various other marketing documents focusing on Business Strategy, costings and pre-feasibility studies to assist in attracting investment funding going forward. This type of coal marketing has been imperative in conducting talks with many potential investors. We have now received an offer of investment from a group we have been working with over the last 12 months and are progressing to secure this funding.

As we approach the mining licence stage, we have given much thought to mining methods and through much research have determined that a High Wall Mining method is the most efficient with the least environmental impact for the Woodbury project. Working with one of the only producers of such equipment, Caterpillar have provided us highly technical and detailed costings for ownership of their HW300 machine (Appendix 1). This has formed the basis of our pre-feasibility studies as the reports produced by CAT are extremely accurate and definitive from their extensive

knowledge and data of their equipment from coal miners all over the world. This has enabled us to refine our cost of production figures from the Woodbury project to around \$35 AUD/t. This would put us in the lowest quartile of Thermal coal producers in the world and is essential in securing investment going forward as only the lowest cost producers will commence production in the current coal climate.

Further consultation with our geological team, Golder & Associates has been ongoing to better understand the Woodbury project with emphasis on increasing future resource tonnage and lifting JORC categorization. Under the JORC 2012 code, our current resource has been limited or discounted by known faulting. Working with Golder we have devised a low cost strategy of completing a seismic survey to better define the faulting and its limitations before returning to drill. This will hopefully increase the certainty of the resource overnight.

To help with coal marketing and overall business strategy planning, Golder & Associates have completed separate coal seam cross section analysis (Appendix 2). Through this work we have defined the “A” seam to a point where there is significant tonnage of a quality amenable for Direct Shipping (no washing required) to Asian customers. This report shows:

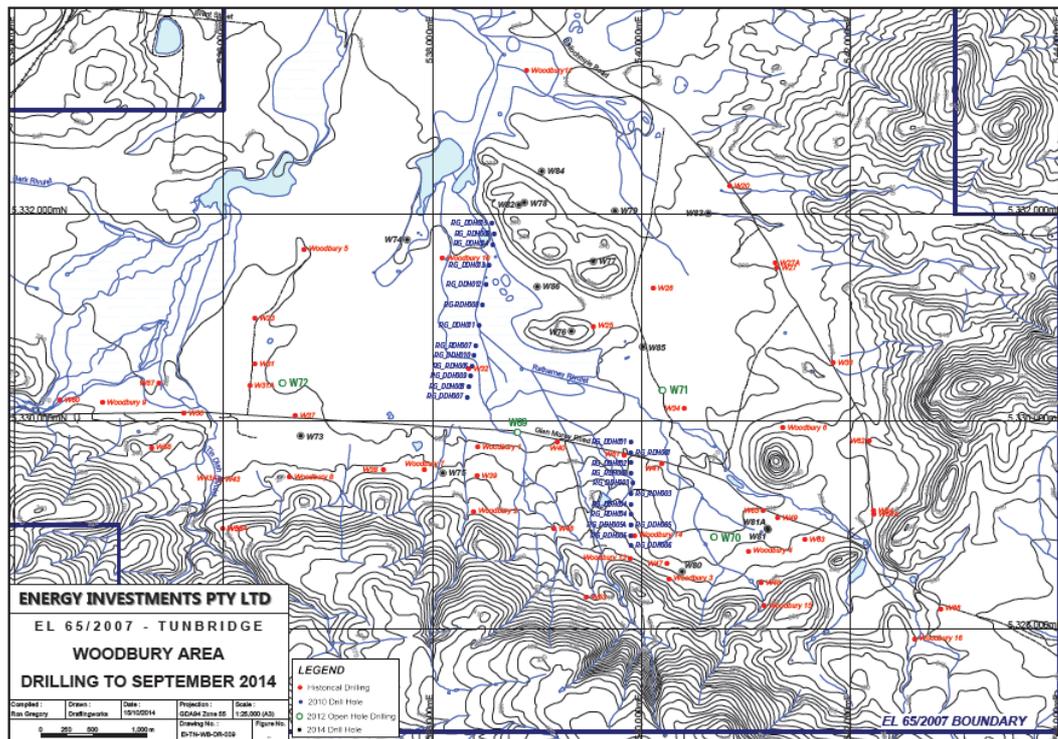
- **3.85 million tonnes @ 28.5% ash and 5,400 kcal/kg** (40% ash cut-off)
- **2.4 million tonnes @ 25.5% ash and 5,650 kcal/kg** (30% ash cut-off)

Most of this work by Golder & Caterpillar has been done gratis as we have leveraged the promise of future work against the slowdown in the resources sector, therefore receiving many hours of free work from our consultants which has been invaluable.

3.2 Regional Exploration Activities

No regional exploration was completed in 2014-2015

3.3 Prospect-based Exploration Activities



3.3.1 Prospect-based Exploration Activities

Woodbury Prospect 2015

3.3.2 Geology

No on-ground geology works were conducted during 2014/2015

3.3.3 Geochemistry

No geochemistry works were conducted during 2014/2015

3.3.4 Geophysics

No geophysics works were conducted during 2014/2015

3.3.5 Remote Sensing

No Remote Sensing was conducted in 2014 – 2015

3.3.6 Drilling

No Drilling was conducted during 2014/2015

3.3.7 Ore Reserves and Resources

The existing JORC resources were upgraded during the period by Golder and Associates

Current total JORC 2012 compliant coal resources for EL65/2007 are 34 million tons. This is comprised of an Inferred resource of 28.3 million tons, and an Indicated resource of 5.8 million tons with the below in-situ quality;

Calorific Value 18.9 MJ/kg (4,513 Kcal/kg)

Raw Ash 40%

Total Sulphur 0.4%

Fixed Carbon 43.5%

Volatile Matter 13.3%

Total Moisture 6%

A copy of the 2015 JORC report is attached as Appendix 3

3.3.8 3D Modelling

3D modelling was completed as part of the 2015 JORC report which is included as appendix 1.

4. Results

2014 drilling in the previously under explored northern portion of the Woodbury Resource Area identified coal quantities of both economic quality and thickness. This has now been further confirmed by the 2015 JORC report. This report showed significant improvement in both overall JORC tonnage and Categorisation with the following results:

- Indicated Coal Resources increased by **188%** from 2 million tonnes to **5.8 million tonnes**
- Inferred Coal Resources increased by **35%** from 21 million tonnes to **28.3 million tonnes**

As mentioned above at 3.1 Desktop studies, significant progress has been made in strategizing which seam/s are priorities for mining.

5. Conclusions

5.1 Conclusions

It is evident through many years of successful exploration that the Woodbury deposit is economically viable for mining even at the prevailing low coal price. All focus now is on progressing through the feasibility, planning and regulatory process and associated works.

5.2 Recommendations

Following successful securing of funding, it is the intention of the company to rapidly progress exploration and planning for the project to gain all the necessary regulatory approvals and permits. The company recommends the following:

- Conduct ground seismic survey
- Infill/development drilling to lift categorisation of resource to gain certainty for mine planning
- Drilling should be on a close spaced grid concentrating on the potential resources beneath the hilly cover immediately to the north and east of Ratharney Rivulet
- Several large diameter diamond cored holes should also be completed to allow for more comprehensive washability testing to be conducted.
- Continuing work on Bankable Feasibility studies, refining the economics of the project & coal marketing
- Mine Planning/mining method decision
- Commence Regulatory approvals process with MRT, EPA & local government bodies

6. Environment

No on-ground work was conducted during the 2014/2015 period

7. Expenditure

Expenditure for the 2015 exploration year has been calculated to \$95,692 as per the companies' quarterly returns.

8. References

147621009-001-Rev0 *Woodbury Coal Project 2014 JORC Coal Resource Report*
Golder & Associates. January 2015.

9. Appendices

Appendix 1

Cat HW300 Figures

Appendix 2

Golder & Associates - Dolerite Covered Cross Sections

Appendix 3

2015 Woodbury Resource Area JORC (2012) Resource Report

Annual Report 2014 – 2015 for EL65/2007 Volume 2

APPENDIX 1

Cat HW300 Figures

Annual Report 2014 – 2015 for EL65/2007 Volume 2

APPENDIX 2

Golder & Associates – Dolerite Covered Cross Sections

Annual Report 2014 – 2015 for EL65/2007 – Volume 2

APPENDIX 3

2015 Woodbury Resource Area JORC (2012) Resource Report