

EL25/2008 Jericho Annual Report 2015

EL 25/2008 (Jericho)

September 2014 – September 2015

Tiger Coal Pty Ltd
(ACN: 130 087 697)

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Abstract

The purpose of EL25/2008 is to locate an economically feasible coal mine.

A drilling program commenced on the 25th August 2014 and was completed on the 3rd October 2014, with drill-hole rehabilitation occurring in the following week.

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 planning.

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1. Introduction

The operator's (Midlands Energy Pty Ltd) principal objective of exploration in the Jericho area is to delineate any coal seams within the near surface Triassic coal measures for the purpose of defining one or more resources suitable for open cut mining.

1.1 Report Datum

GDA94

1.2 Exploration Rationale

The aim of the current exploration program on EL 25/2008 (Jericho) is to quantify an economically viable JORC resource in the near surface Triassic coal measures.

1.3 Geological Setting

The geology of the area is dominated by the freshwater sequence of mudstones, sandstones and siltstones of the Upper Permian of the Triassic intruded by Jurassic Dolerite. Typically the Coal measures are found within a lithic sandstone sequence (dominantly within the grabens) that has been preserved in some areas by Jurassic dolerite capping. Structurally, the Jericho area (and surrounds) is dominated by a series of north to north-north-western troughs/grabens upwards of 50 by 1 kilometres in size and disrupted by numerous north-east trending faults.

1.4 Licence Information

1.4.1 Licence Number

EL25/2008

1.4.2 Licence Name

Jericho

1.4.3 Licence Location

The Licence covers the Jericho district, from Bowhill Rd west of Oatlands in the north, to Mudwalls Rd in the south. Please refer to Location Plan at **Figure 1**.

1.4.4 Reporting Period

18th September 2014 – 17th September 2015

1.4.5 Tenement Holder

Tiger Coal Pty Ltd

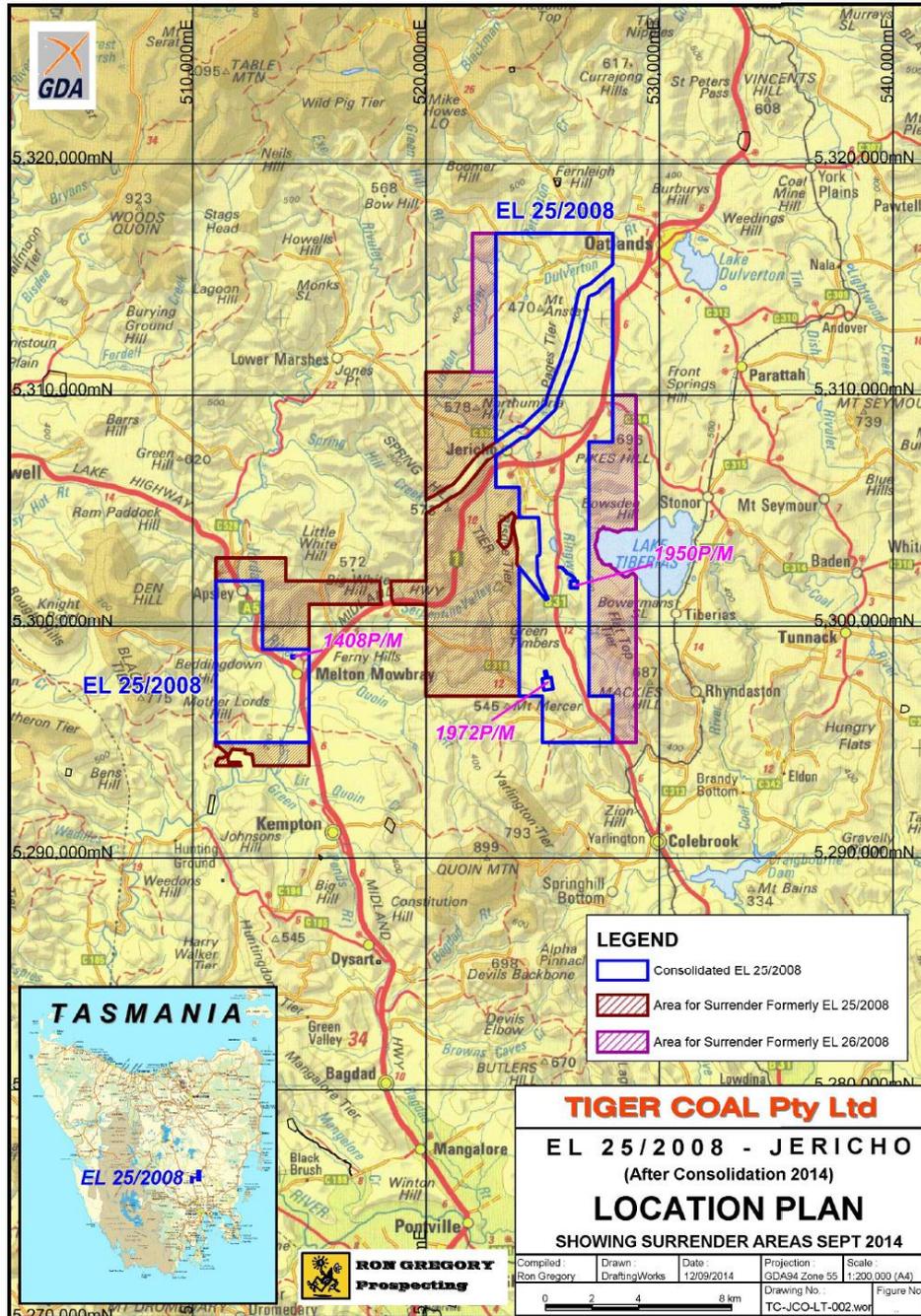


Figure 1 – Location Plan

2. Previous Work

2.1 Work Prior to Current Licence

A review of past exploration was completed in the 2012 Annual Report (Pemberton, 2012).

The following are notes from the report.

Modern exploration has only taken place since 1980 when Capricorn Mining Ltd was granted EL 28/1979. Capricorn conducted a regional exploration program over a wide area that included reconnaissance geology, remote sensing, structural interpretation and some drilling (reports: TCR80_1513, TCR81_1682 and TCR82_1798).

CRA Exploration Pty Ltd conducted a program over three licences in the Oatlands-Jericho-Kempton area: EL18/1982, EL19/1982 and EL20/1982. CRA used LANDSAT imagery to identify the overall structural trend in the area and followed up with a percussion drilling program to identify if the graben structures were prospective for coal. While the results indicated coal was present, elements of complexity due to the highly faulted nature of the area and the frequent presence of dolerite intrusions were also identified (report TCR84_2213).

The Department of Mines drilled a deep diamond hole in 1982 at Mount Vernon (Mount Vernon DDH1). Coal measures were intercepted; the most significant seam observed was 2.3m thick from 204.79m and surprisingly low in ash.

Cornwall coal Company NL was granted EL11/91 in 1991 to follow up on this hole with three rotary holes and two diamond holes in the area with limited success attributed to both dolerite intrusions and the nature of the faulting proximal to the coal measures (reports TCR92_3378 and TCR93_3491).

3. Exploration

3.1 Desktop Studies & Coal Marketing

Despite the scarcity of fresh capital, management have 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

Further consultation with our geological team has been ongoing to better understand the Jericho project and define more prospective drill targets through a ground survey to avoid costly drilling in the future. Most of this work has been done gratis as our company have leveraged the promise of future work against the slowdown in the resources sector, therefore receiving many hours of free work from our consultants.

3.2 Regional Exploration Activities

No regional exploration was conducted in 2014-2015

3.3 Prospect-based Exploration Activities

Jericho Prospect 2014

4 holes (OJ41-OJ44) were drilled, north of the Midlands Hwy at Jericho.

Mudwalls Prospect 2014

5 holes (OJ36-OJ40) were drilled, south of the Midlands Hwy and east of Mudwalls Rd.

3.3.2 Geology

Triassic coal measures and dolerite intrusives were encountered similar to previous drilling

3.3.3 Geochemistry

No Geochemistry was conducted in 2014 – 2015 due to a lack of suitable samples

3.3.4 Geophysics

No Geophysics were conducted in 2014 – 2015

3.3.5 Remote Sensing

No Remote Sensing was conducted in 2014 – 2015

3.3.6 Drilling

Drilling contractor was KMR Drilling of Richmond utilizing either a Hydrapower Explorer 500 (No 1 Rig) or a Hydrapower Scout MKIV (No. 2 Rig)
Ron Gregory Prospecting provided logistic support including On Site Geologist, Rowena Murcott.
Landowners were all very supportive and accommodating

Drilling Summary OJ036 – OJ044

OJ 36

5 1/2 inch hammer drilled to 9.55m through sands and clays, then into iron stained sandstone. The hole was then HQ diamond drilled to an end of hole depth of 45.75m. The core recovered consisted of Upper Triassic Coal Measure Sediments intersected by flows of dolerite and rounded dolerite breccias. No coal was intersected, and the hole was abandoned in dolerite at 45.75m.

OJ 37

Was HQ diamond drilled to 60.60m in mostly sandstones of the Upper Triassic Coal Measure Sediments. Minor uneconomical coal and interbedded mudstones were intersected between 37m to 39m with the maximum thickness of coal being 0.21m.

OJ38

This hole was HQ diamond drilled to 60.60m in Upper Triassic Coal Measure Sediments. Minor bands of coal were intersected in mostly sandstone sediments.

OJ39

OJ 39 was abandoned in disrupted dolerite at 32.55m. Sediments of the Upper Triassic Coal Measures were intersected to 27.55m in HQ core.

OJ40

OJ 40 was HQ diamond drilled to 56.60m in mostly sandstones of the Upper Triassic Coal Measure Sediments. No coal was intersected.

OJ41

OJ41 was 5 ½ inch hammer drilled to 60m in dolerite.

OJ42

OJ42 was 5 ½ inch hammer drilled to 60m in dolerite.

OJ43

OJ43 was HQ diamond drilled to 57.0m. This was an unusual hole intersecting Tertiary breccia sediments diagenetically altered and hematitic rich, and some basalt breccias to 53m. The hole then intersected dolerite to end of hole.

OJ44

This hole was percussion hammer drilled to 60m in sediments of the Upper Triassic Coal measures. Some coal samples were recovered in percussion chips from the hole and need to be further investigated with diamond drilling.

Drillhole Summary Logs OJ036 – OJ044 are attached in Appendix 1.

Drillhole Logs OJ036 – OJ044 are attached in Appendix 2.

Drillhole Photos OJ036 – OJ044 are attached in Appendix 3

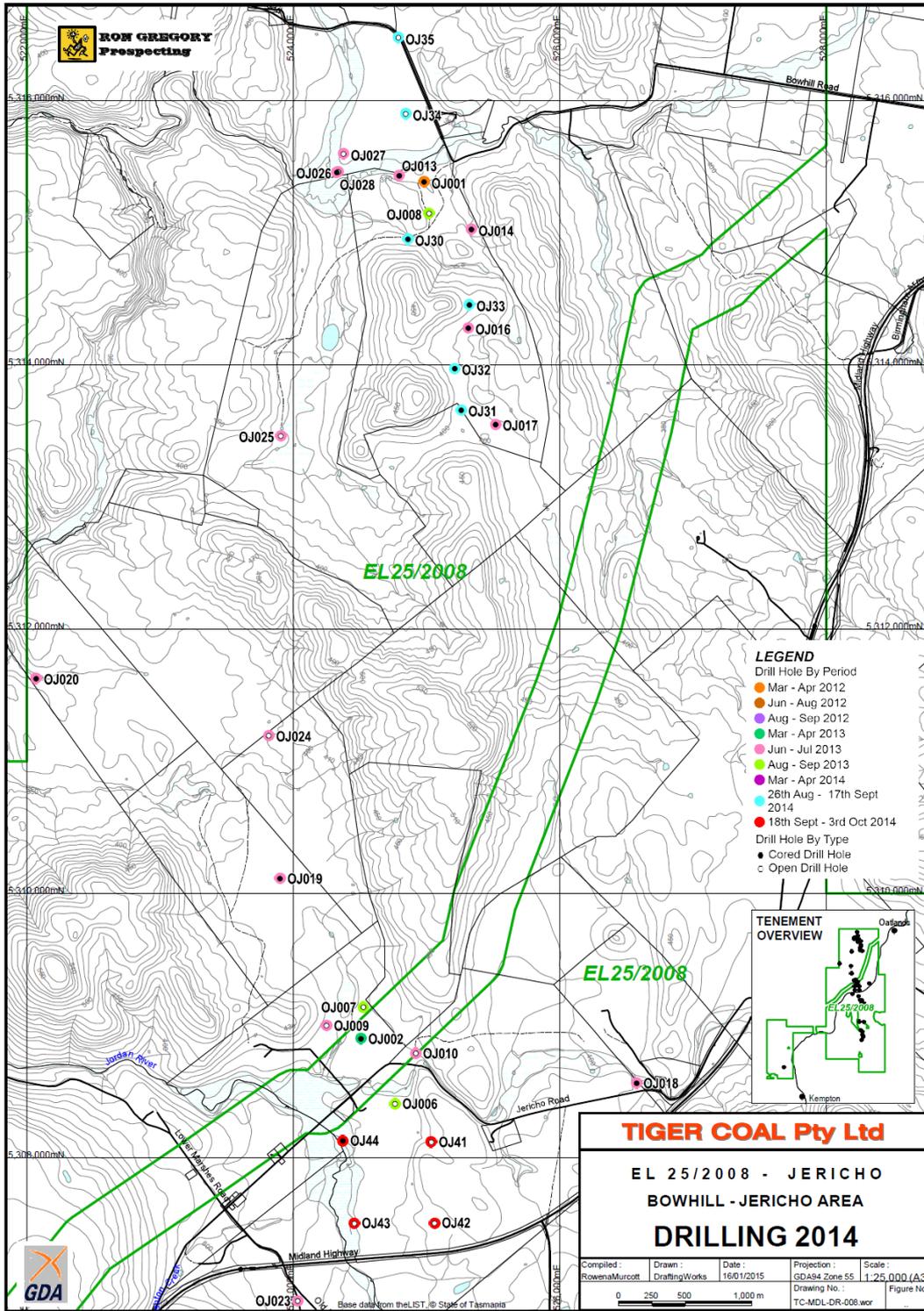


Figure 2 Drilling Locations (North)

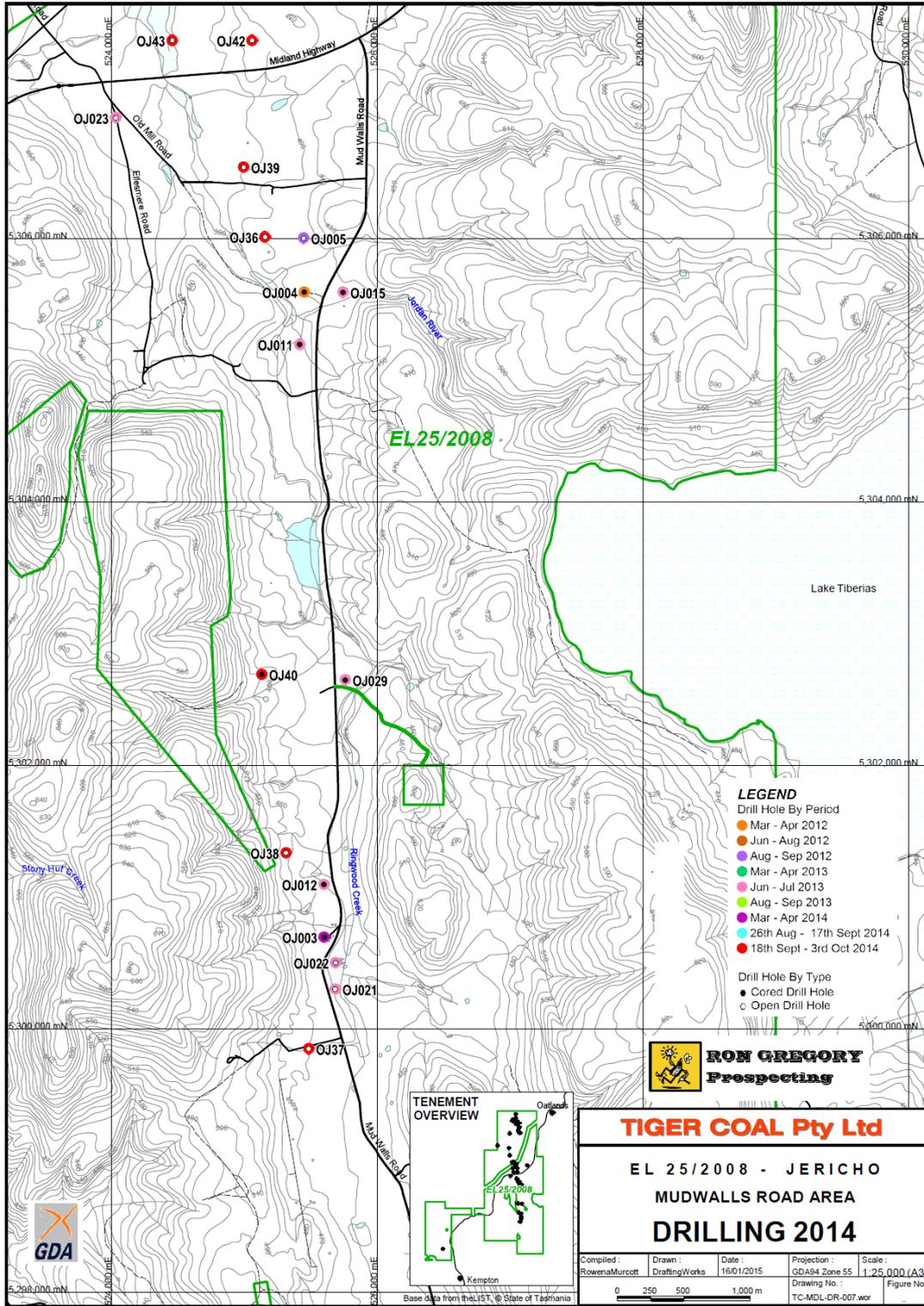


Figure 3. Drilling Locations (South)

3.3.7 Ore Reserves and Resources

No Reserve or Resource calculations were conducted in 2014 – 2015

3.3.8 3D Modelling

No 3D modelling was conducted in 2014 – 2015

4. Results

Some small, sporadic coal intersections were encountered, but were of poor structure and volume making sampling for analysis ineffective.

5. Conclusions

5.1 Conclusions

The exploration works conducted during 2014/2015 were generally disappointing and contradictive relative to previous years' campaigns. Exploration works during previous years have outlined the potential for substantial coal resources in the area although the recent sporadic drilling results indicate that further works will be required to identify an economically extractable resource.

5.2 Recommendations

Although drilling in all three prospects (Mudwalls, Jericho & Bowhill) on the lease has shown some less than encouraging results in comparison to previous campaigns, further exploration works are recommended to fully understand the resource geology of the area and to more accurately define the economic boundaries of the potential resource. Management is currently researching the merits of conducting a seismic survey campaign in the coming year in an attempt to better understand the local geology and better define new targets for drilling in the coming year.

6. Environment

All drillholes were back filled and rehabilitated.
All down-hole geophysical tools were retrieved.

7. Expenditure

Expenditure for the 2015 exploration year has been calculated at \$215,433 as per the companies' quarterly returns. Please note that the bulk of this expenditure was budgeted for the previous 2014 exploration year that ran over into the 2015 year.

Limited expenditure in the 2015 year was a result of tough macro-economic conditions for small resource exploration companies and their lack of ability to raise capital as per the exemption of conditions granted by MRT for the 2015 year.

8. References

- Pemberton J., 2012. *A brief review of past exploration in the area covered by EL 25/2008 Melton Mowbray for Midlands Energy Ltd.*
- TCR80_1513 *Final report of Tasmanian Coal Prospects for Capricorn Mining Ltd.* General Geological Services. February 1981.
- TCR81_1682 *Tasmanian coal prospects. Six month progress report, 17 April to 16 October 1981, for Capricorn Mining Ltd.* General Geological Services.
- TCR82_1798 *Capricorn Mining Ltd, Relinquishment Report, Coal EL28/79, Oatlands Tasmania.* May 1982
- TCR84_2213 *Parattah EL18/82, Kempton EL19/82, Jericho EL20/82. Exploration report for the year ending 30 September 1984.* CRA Exploration Pty Ltd. Report 12862.
- TCR92_3378 *The Cornwall Coal Company NL Coal Exploration Kempton – Report No 1. Year ended 23/8/92. EL11/91.* By Dr JH Bryan.
- TCR93_3491 *The Cornwall Coal Company NL Relinquishment Report. Year ended 23/8/1993. EL11/91.* By Dr JH Bryan.

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APPENDIX 1

**Drill-hole Summary Logs, OJ036-OJ044
(Rowena Murcott)**

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APPENDIX 2

Drill-hole Logs, OJ036-OJ044
(Rowena Murcott)

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Appendix 3

Drill-hole Photos, OJ036-OJ044

(Rowena Murcott)