



HardRock Coal Mining Pty Ltd
ACN: 150 741 094

ANNUAL REPORT FOR

EXPLORATION LICENCE EL16/2010

Period covered: 1st November 2015 to 31st October 2016

Licensee: Hardrock Investments Pty Ltd
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Publication date: 22nd December 2016

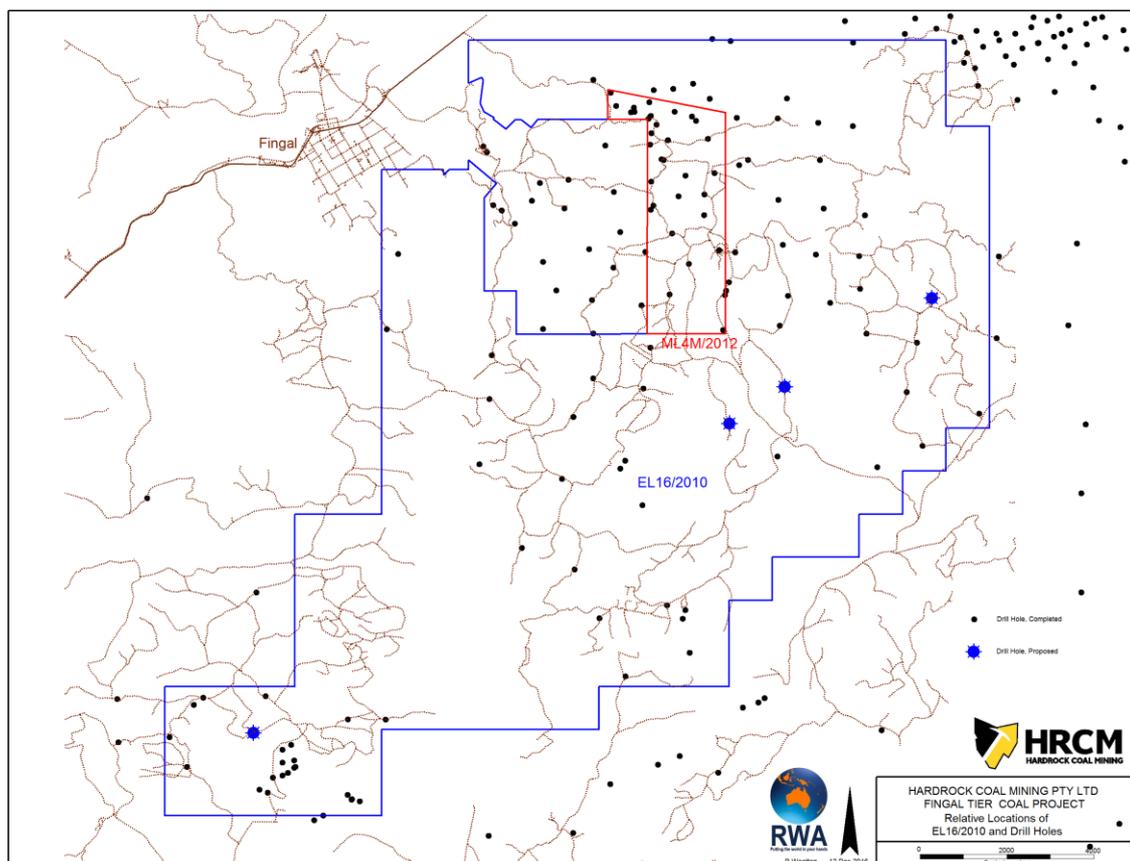
ABSTRACT

The original boundary of Exploration Licence EL16/2010 almost 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 and in the centre of EL16/2010 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.

EL17/2010 adjoins EL16/2010. HRCM has progressively relinquished parts of EL17/2010 and in October 2016 MRT advised its consent to consolidate EL17/2010 into EL16/2010 and extend the term of the consolidated licence to 7th November 2017.

There has been considerable exploration drilling in the consolidated whole licence area, firstly by the Tasmanian Department of Mines in the 1970's & 1980's and recently by HardRock Coal Mining (HRCM). HRCM considered EL16/2010, EL17/2010 and 4M/2012 to be a combined resource and has 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 boundary of EL16/2010 as of October 2016 is shown below and is outlined in blue. The black dots represent the drillholes that are contained within the HRCM database (214 in total) and blue stars represent drillholes that form the 2016-17 exploration program.



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1 Introduction

1.1 Licence Area, Report Datum, Reporting Period

EL16/2010 originally covered an area of 166 km² which was reduced to 156 km² following granting of the mining lease in 2013. It subsequently increased to 179 km² in October 2016 when EL16/2010 and EL17/2010 were consolidated. The boundary created in October 2016 is shown on the appended **Figure 1**, which is the plan contained in the licence document. The licence area is located immediately south east of Fingal township, the Report Datum is GDA94 (MGA Zone 55) and the reporting period is from 1st November 2015 to 31st October 2016.

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.

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 has been mined at the Valley No1 and No2 Mines and is equivalent to the Duncan Seam worked in Duncan Colliery. 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 Exploration During Reporting Period

2.1 Desktop Studies

Additional data was added to the geological model database but the model was not rerun.

2.2 Regional Exploration Activities

No regional exploration was conducted during the reporting period.

2.3 Prospect-based Exploration Activities

2.3.1 Drilling

No drilling was undertaken during the reporting period.

2.3.2 Geophysical Logging

No geophysical logging has been done during the reporting period however results from drilling undertaken in 2014-15 were received and added into the geological model database.

2.3.3 Assay of Samples

No new samples were generated during the reporting period however results from drilling undertaken in 2014-15 were received and added into the geological model database.

3 Results

The assay results obtained were regionally consistent.

4 Conclusions

There are further coal resources adjacent to the eastern and southern boundaries of ML4M/2012, in the F Seam. Coal resources are likely in the G Seam over part of the central, north and east parts of the licence area. Further clarity over the extent of the recoverable resource will occur once the 2016-17 drill program is completed and the geological and coal quality model is updated and run.

5 Environment

All drill holes have been rehabilitated with the exception of VR10 site and associated sumps which are required for a water monitoring installation.

6 Expenditure

Expenditure, being the total of four quarterly reports spanning 1 Oct 2015 to 30 Sept 2016, is shown below. Note that in some categories notably geology and feasibility, a large proportion of the expenditure occurred in Q3 2014 ie towards the end of the 2014-15 period but was billed until Q4 2015 which is in the 2016-16 period.

Expenditure EL16/2010 (inc EL17/2010)	
1/10/15 to 30/09/16	
Expense Category	Value
Geoscientific	
Geology	\$ 60,254
Geochemistry	\$ 11,148
Geophysics	\$ 21,932
Remote Sensing	\$ -
Drilling & Gridding	
Gridding	\$ -
Meters Drilled	0m
Drilling	\$ 14,587
Land Access	\$ 14,337
Rehabilitation	\$ 550
Feasibility	\$ 35,217
Other	\$ 16,500
Admin	\$ 13,089
Total	\$ 187,615

7 References

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

8 List of Appended Figures

Figure 1 - Plan of Licence boundary from MRT Approval Document

9 Listing of Files on Attached CD

Exploration Work Type	Filename	File format
<i>Report</i>	EL162010_201612_01_ANNUAL_REPORT.pdf	<i>pdf</i>
Drilling	EL162010_201612_02_QAQC_1.xls	xls
Coal Analysis Report	VR12A Prelim Report 20151501.xlsx	xlsx
Surface sampling		
Other - Airborne Survey		
File Verification Listing	EL162010_201612_03_FILELIST.xls	xls

END OF REPORT

Appended Figures

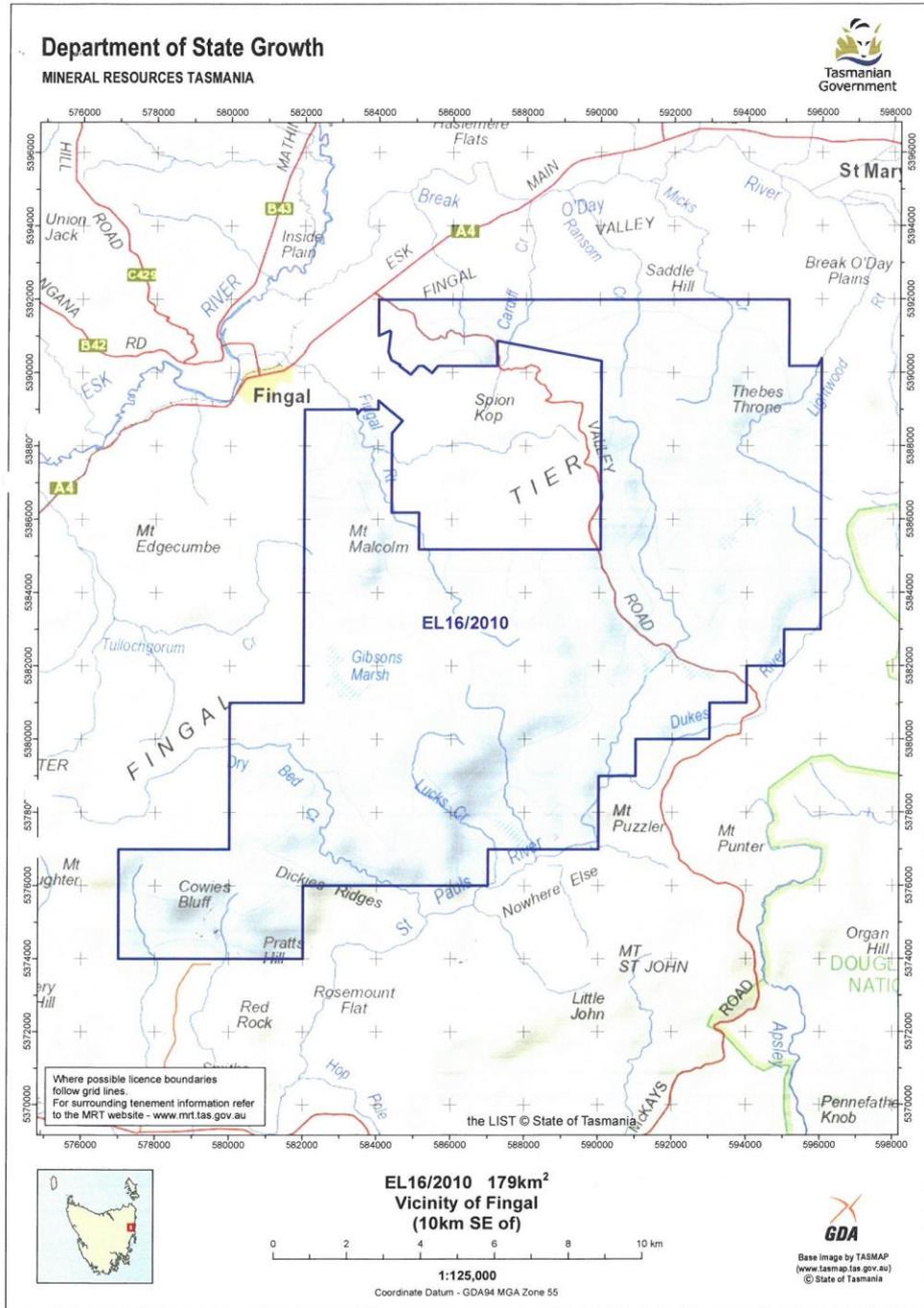


Figure 1 – Location Map for EL16/2010 (October 2016 Boundary)