EL65/2007 Tunbridge Annual Report 2018

EL 65/2007 (TUNBRIDGE)

September 2017 – September 2018

Energy Investments Pty Ltd
(ACN: 127 733 206)

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Abstract

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

No exploration works were conducted during the 2017 – 2018 licence period due to continued delays in accessing capital in what was still a dysfunctional capital market for junior explorers, particularly private companies such as Midland Energy that don't have the ability to raise money through the stock exchange.

Despite working with many potential and qualified investors through the year, none were willing to commit despite serious talks continuing. Their reluctance or delay in investing was due to many factors such as; renewable leaning national energy policy, militant opposition to the Adani coal mine in QLD, landholder interactions, the Tasmanian state election in March of this year as well as the rezoning issue in Southern Midlands shire.

However, many of these above mentioned obstacles are now either resolved or improving. This coupled with more certainty regarding the long term demand for Australian coal in the Asian market reflected in appreciating prices (plus overall $AUD weakness) has enabled us to just recently secure the necessary capital to fund continued exploration works. The company is expecting to lodge works programs for exploration commencing late spring/early summer with MRT in the coming months.

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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 112^0 and extends for a minimum of 9 kilometers (km) long and is 1 km wide. The Kuranda Graben forms a cross cutting structure trending 63^0 and is approximately 4 km long and 700 meters (m) wide. Coal seam distribution and lateral extent is not restricted to the graben structures.

1.4 Licence Information

1.4.1 Licence Number

EL65/2007

1.4.2 Licence Name

Tunbridge

1.4.3 Licence Location

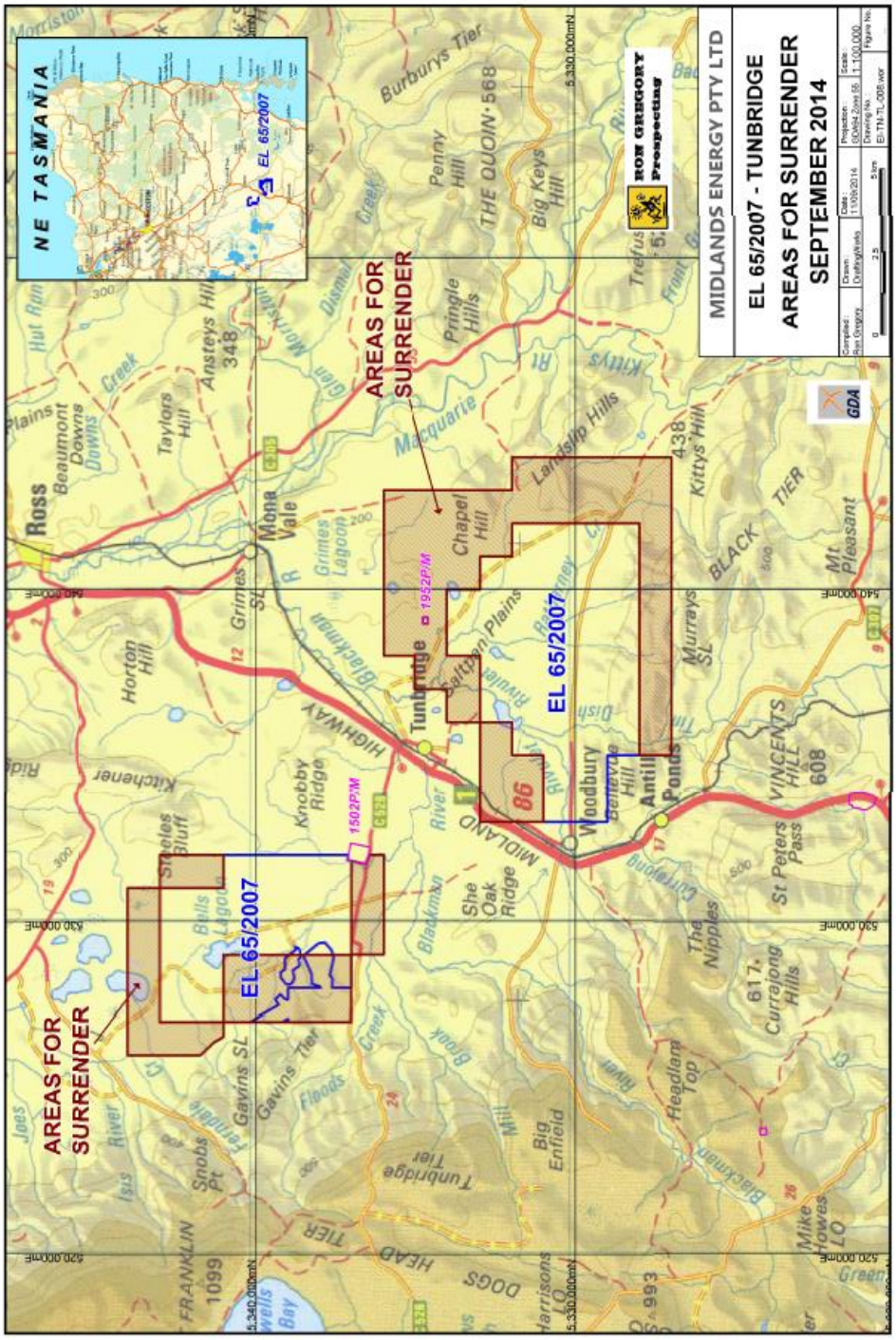
Tunbridge district including Woodbury

1.4.4 Reporting Period

18th September 2017 – 17th September 2018

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

No Desktop Studies were completed in 2017 - 2018

3.2 Regional Exploration Activities

No regional exploration was conducted in 2017 - 2018

3.3 Prospect-based Exploration Activities

No Prospect-based exploration was conducted in 2017 - 2018

3.3.1 Prospect-based Exploration Activities

3.3.2 Geology

No on-ground geology works were conducted during 2017 - 2018

3.3.3 Geochemistry

No geochemistry works were conducted during 2017 - 2018

3.3.4 Geophysics

No geophysics works were conducted during 2017 - 2018

3.3.5 Remote Sensing

No Remote Sensing was conducted in 2017 - 2018

3.3.6 Drilling

No Drilling was conducted during 2017 - 2018

3.3.7 Ore Reserves and Resources

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%

3.3.8 3D Modelling

No 3D Modelling was conducted in 2017 – 2018

4. Results

No Results were recorded for the 2017 - 2018 licence period

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 low coal prices of recent years. With a strong and consistent increase in coal prices over the last two years, all focus now is on progressing through the feasibility, planning and regulatory process and associated works.

5.2 Recommendations

As per last years Annual report, further works will be commenced to undertake the MLA during the coming year. Much of the exploration will be focussed on infill and development drilling to allow for mine planning, which is to occur simultaneously. A substantial investment into the company has now been secured after various delays. This will fund exploration at Tunbridge for the coming two years and will give the company the required project data to gain all the necessary regulatory approvals and permits. The company recommends the following:

- Conduct 2D 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
- 2x Scout holes at the Bells Lagoon prospect

6. Environment

No environmental disturbance was created during the 2017 - 2018 period. To the company's best knowledge, all previous disturbances have being rehabilitated.

7. Expenditure

Expenditure for the 2018 exploration year has been calculated at $11,137.

This is made up of $10,125 in direct marketing costs to secure offtake investors from Australia, Asia and the Middle East.

An additional $1,012 or 10% is added in admin costs

8. References

N/A

9. Appendices

N/A