



HardRock Coal Mining Pty Ltd
ACN: 150 741 094

ANNUAL REPORT FOR

EXPLORATION LICENCE EL16/2010

Period covered: 1st November 2017 to 31st October 2018

Licensee: Hardrock Investments Pty Ltd
P.O. Box 3051
Prahan East. VIC 3181

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ABSTRACT

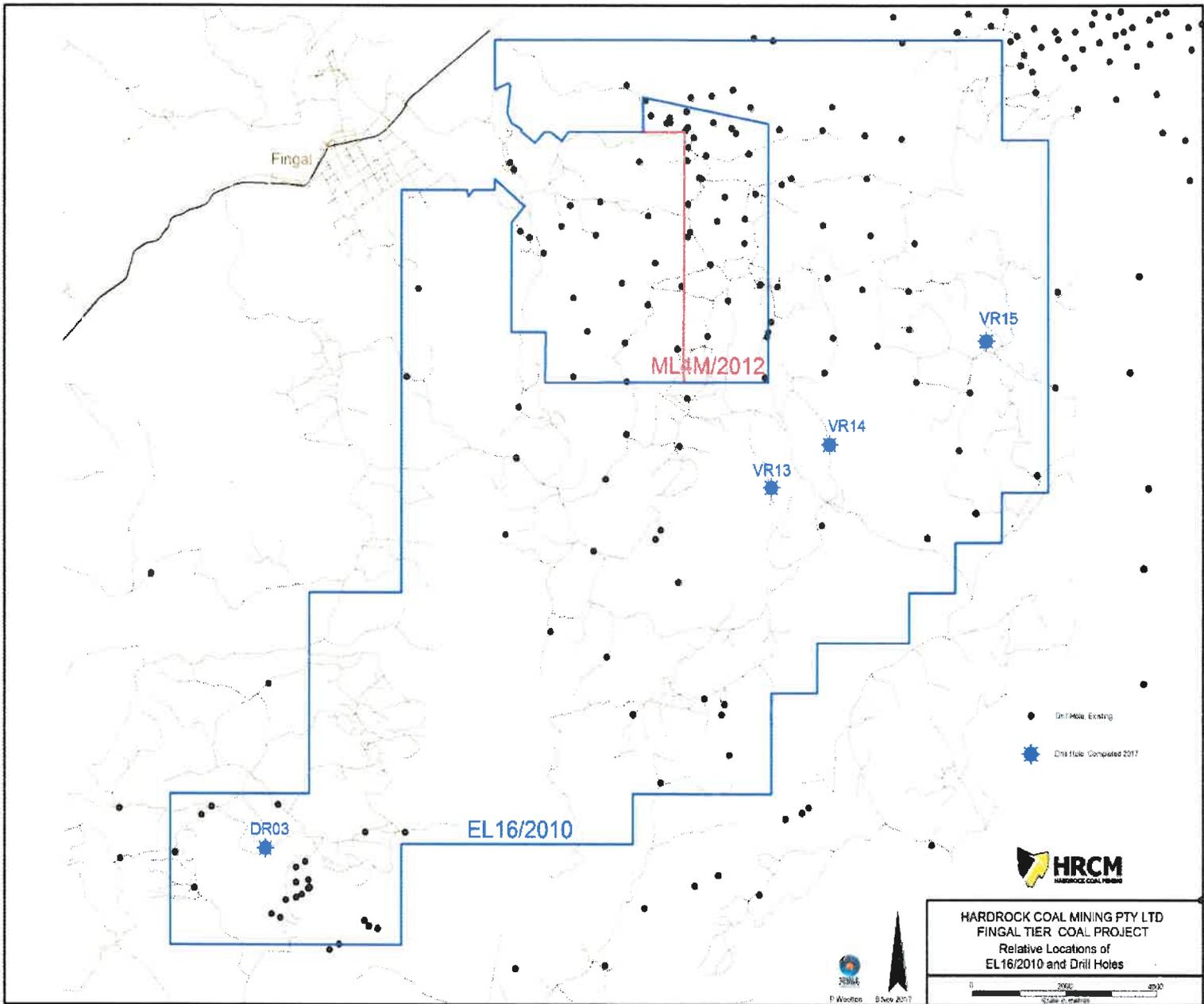
The boundary of Exploration Licence EL16/2010 is shown on the plan below. It almost encircles Mining Lease 1653P/M and excised from it was Mining Lease 4M/2012. In October 2016, the remaining part of EL17/2010 was consolidated into EL16/2010 and the term of the consolidated licence has been extended to 7th November 2018. This was to allow completion of the drilling program.

On 11 July, 2018 Receivers and Managers were appointed to the parent company of Hardrock Investments Pty Ltd (Hardrock Coal Mining Pty Ltd). This report has been prepared by the Receivers and Managers of Hardrock Coal Mining Pty Ltd ("HRCM") on the basis that Hardrock Investments is a fully funded subsidiary of HRCM. There has been no significant activity undertaken by Hardrock Investments since the appointment of the Receivers to HRCM. This report has been prepared utilising the information and resources that have been made available to the Receivers at the time of reporting.

A further extension of EL16/2010 is being requested so that when the Receivership concludes an application can be made for areas within the boundary of EL16/2016 to form logical extensions to Mining Lease 4M/2012 held by HRCM, some areas to be relinquished, and some areas that contain some prospectivity because they are adjacent to EL16/2016 to be retained. This report then is a further annual progress report not a completion report.

There has been considerable exploration drilling in the consolidated licence area, firstly by the Tasmanian Department of Mines in the 1970's & 1980's and recently by HRCM. Hardrock Investments is also the holder of EL16/2016 (Mt Punter), which lies immediately to the south of EL16/2010. HRCM has a single geological model which covers 4M/2012, EL16/2010 and EL16/2016.

The boundary of EL16/2010 as of October 2016 is shown below and is outlined in blue. The blue stars represent drillholes that were completed in the 2016-17 exploration program and black dots represent the drillholes that were completed prior to this. There are 223 drillholes contained within the HRCM database.



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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 to HRCM in 2013. The area of the lease 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 2017 to 31st October 2018.

1.2 Exploration Rationale

The aim of exploration on EL16/2010 is to evaluate 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 Super-Group stratigraphy, and in the project area dolerite outcrop up to >400 metres 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. There are areas where the full series of coal horizons are present, areas where some of the upper coal horizons have eroded by dolerite and areas where all coal horizons have been eroded. At the regional scale the coal measures show a south easterly dip of 1-2°. Seams F and G have significant areas of economic thickness and coal quality in EL16/2010 and the D seam is highly prospective.

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.

Receivers and Managers were appointed to the parent company HRCM on 11 July, 2018 under a charge granted to San Miguel Energy Corporation.

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 further Drilling took place during the reporting period.

2.3.2 Geophysical Logging

Geophysical logging has been done on VR13 and VR15.

2.3.3 Assay of Samples

Coal samples that were generated during the previous reporting period were analysed and the results have been added into the geological model database.

Provided with this Annual Report are a review of Sulphur and Chlorine content authored by Mr Paul Wootton dated 18 May, 2018 as well as Final Reports by Bureau Veritas on holes VR13 and VR15 dated 27/4/2018.

3 Results

3.1 Assay Results

Assay results which included washability testing, coal utilization parameters and trace elements were regionally consistent. Petrographic analysis was also carried out on D, F and G seam samples from drill hole VR15.

3.2 Resource Modelling

A final Resource Report that complies with the 2012JORC Standard will become available. The indicative recoverable reserve is:

Recoverable Reserves		
Area	F Seam	G Seam
Within ML 4M/2012	12,553,261	3,913,209
Extension to East of ML4M/2012	1,727,959	10,690,480
Extension to South of ML4M/2012	2,460,910	0
<i>Seam Totals</i>	<i>16,742,130</i>	<i>14,603,688</i>
Total:		31,345,818

The combined mineable reserve of >31mt will give the operation a working life of >20 years and provide a substantial reserve buffer for the majority of its operational life.

4 Conclusions

Drilling and modelling have identified that there are additional coal resources adjacent to the eastern and southern boundaries of ML4M/2012, in the D Seam, F Seam and G seam. The on- going work will determine how much of the resource can be considered to be a recoverable reserve and how much of this recoverable reserve is logically incorporated into an extended mining lease.

5 Environment

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

6 Expenditure

The Receivers of HRCM are desirous to not report to the Director of Mines on expenditure that may have previously been reported on an Accruals basis. The following table details expenditure on the EL prior to the appointment of Receivers during the current reporting period. The Receivers are happy to provide a full account of all expenditure of HRCM to Mineral Resources Tasmania on a confidential basis if required.

Expenditure EL16/2010	
1/10/17 to 30/09/18	
Expense Category	Value
Geoscientific	
Geology	\$ 29,218
Geochemistry	\$ 14,297
Geophysics	\$
Remote Sensing	\$ -
Drilling & Gridding	
Gridding	\$ -
Meters Drilled	0
Drilling	\$
Land Access	\$
Rehabilitation	\$
Feasibility	\$ 9,250
Other	\$ 8,750
Admin	\$ 4,036
Total	\$65,552

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_201711_01_ANNUAL_REPORT.pdf	<i>pdf</i>
Coal Analysis	Final Report – Hole Number VR13-27042018	pdf
Coal Analysis	Final Report – Hole Number VR15-27042018	pdf
Report	Fingal Tier Coal Project – Review of sulphur and chlorine content	pdf

END OF REPORT

Appended Figures

