

Tiaro's business objectives

JORC Statements p3

Exploration

To undertake exploration in the Maryborough Coal Basin for coal deposits with the potential to produce metallurgical (coking, PCI) and thermal coal.

- Well-positioned coal play in SE Queensland between Maryborough & Gympie
- Two coal measures in Maryborough Coal Basin:
 - Tiaro Coal Measures
 - Burrum Coal Measures
- Large exploration area – 7 granted tenements – 1,624 km²; and 3 tenements – 2,097 km² under application
- Current resource drilling target area (T9)– 21 km²
- Exploration Target 20-30 million tonnes (subject to update)
- JORC resource estimate in progress
- High coal quality – high vitrinite
- Coking & PCI coals

Investment

To invest through equity participation in significant coal projects:

Galilee Basin

- 36% interest in Galilee Basin Project with Guildford Coal Limited (ASX: GUF)
- 262Mt Inferred Maiden Resource

Clarence – Moreton Basin

- 55% Interest in Clarence– Moreton Basin Project with CM Basin Coal Holdings Limited
- Initial Exploration Target - 50 Mt

West of Blair Athol & Clermont coal mines

- Hancock Prospecting P/L earning up to 51% through Farm-In JV Agreement

Minerals Trading

To develop a substantial volume of export trade in coal and other bulk commodities in partnership with China Qinfu Group.

- Facilitating trade supply negotiations and agreements with suppliers
- Establishing a trading house supporting the commodity requirements of its key shareholder China Qinfu Group

ASX Announcement

10 May 2012

Tiaro Coal buys out JV interest

Tiaro through its wholly owned subsidiary Tiaro Energy Corporation Pty Limited (**TEC**) is a participant of the Tiaro Coal Joint Venture (**TCJV**), together with Core Coal (Qld) Pty Limited (**Core Coal**) and Jandale Pty Limited (**Jandale**) and with Dynasty Metals Australia Ltd (**Dynasty**) with respect to the **Dynasty Joint Venture** which holds EPC 956 and EPC 957.

Acquisition of Joint Venture interest

Tiaro Coal Limited (**Tiaro**) has entered into agreements with 2 participants in the TCJV and Dynasty Joint Venture enabling Tiaro to significantly increase its interest in the 2 joint ventures.

Tiaro has agreed to purchase 2 special purpose companies, which hold Core Coal and Jandale's interest in the 2 joint ventures. Negotiations continue with Dynasty with respect to their interest in the Dynasty Joint Venture.

The agreements provide that Tiaro will acquire the interests of Core Coal and Jandale through the issue of a total of 3,463,180 fully paid ordinary shares in Tiaro (1,731,590 respectively) at an issue price of \$0.315 per share. The transaction value is \$1,090,901.

The shares are subject to voluntary escrow for a period of six months from the date of issue.

The issue of shares falls within the "15%" limit under ASX Listing Rule 7.1 and shareholder approval is therefore not required for the share issue.

Joint venture overview

The joint ventures hold EPC 956, 957, 967, 972, 1553 and 1540 covering an area of 1,279 km².

In addition applications have been made for EPCA 2511, 2513, 1264, 1269 and 1618 in the Maryborough Basin covering an area of 2,103 km², which upon grant will be available to the TCJV.

The joint venture tenements cover most of the known exposures of the Tiaro Coal Measures within the Mesozoic Maryborough Basin, located between Gympie and Maryborough in southeast Queensland. The tenements are well serviced by nearby infrastructure, including manpower, mining support services, road, and rail and port facilities. The rail line bisects the exploration tenements.

JORC resource estimation for the T9 target area on EPC 956 is being prepared following completion of the 2011-drilling program.

The potential quantity and grade of exploration targets is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Tiaro other coal interests

Tiaro holds interests in other Queensland joint venture projects covering coal prospects in the Galilee Coal Basins, Clarence Moreton and west of Blair Athol & Clermont coalmines.

Galilee Coal Basin

White Mountain holds EPC 1260 and EPC 1250, located approximately 230km southwest of Townsville, on the boundary of the Galilee Basin near Pentland (White Mountain Project). According to Guildford, the White Mountain Project has a total Exploration Target of 40 to 815 million tonnes of Galilee Basin thermal coal with a declared JORC Inferred Resource of 262 Mt of thermal coal.

The White Mountain Project is a potential early stage development opportunity in the north Galilee Basin and is well located to utilise existing rail and port capacity. The south-eastern boundary of EPC1260 is approximately 15 kilometres from a potential rail siding at Pentland.

The White Mountain Project is located in close proximity to infrastructure, with the Mt Isa to Townsville rail line running across the project area.

Guildford signed an MOU with ARG, the QR National subsidiary in November 2010; ARG is the primary rail operator on the Mt Isa to Townsville rail line. Guildford also signed an MOU with the Port of Townsville Limited to conduct a feasibility study on the logistics of exporting coal through Townsville Port via the Eastern Access Rail Corridor.

Clarence Moreton Basin Joint Venture

Tiaro holds a 55% interest in EPC 1270, 1271, 1272 and 1273, located in the Walloon Coal Measures of the Clarence Moreton Basin. Minority interests have committed \$2.5 million toward exploration expenditure.

West of Blair Athol & Clermont coal mines

Tiaro has entered into a Farm-In and Joint Venture Agreement with Queensland Coal Investments Pty Ltd (QCI), a wholly owned subsidiary of Hancock Prospecting Pty Ltd, with respect to EPC 1262 located approximately 20 kilometres southwest of the township of Clermont. It consists of 218 sub-blocks (654 sq km).

EPC 1262 is located in the Anakie Inlier, also known as the Anakie Metamorphics. It occurs between the large Permian aged Bowen and Galilee Basins. It covers ground to the west of the Bowen Basin and is centred approximately 30km from Blair Athol Mine operated by Queensland Coal Pty Limited a subsidiary of Rio Tinto.

QCI is able to earn up to a 51% interest in EPC 1262 through sole funding exploration expenditure of up to \$3 million. QCI can earn 25% interest through the staged development and expenditure of \$1.5 million and a further 26% through the expenditure of a further \$1.5 million.

Tiaro Project indicative interests

Licence	TEC	Dynasty	Guildford Coal	CM Basin	Nissan 5771	Bundaberg Coal
	%	%	%	%	%	%
EPC 956	91.35	8.65	-	-	-	-
EPC 957	91.35	8.65	-	-	-	-
EPC 967	100	-	-	-	-	-
EPC 972	100	-	-	-	-	-
EPC 1553	100	-	-	-	-	-
EPC 1540	100	-	-	-	-	-
EPCA 1618	100	-	-	-	-	-
EPCA 1264	100	-	-	-	-	-
EPCA 1269	100	-	-	-	-	-
EPC 1250	36	-	56	-	8	-
EPC 1260	36	-	56	-	8	-
EPC 1270	55	-	-	45	-	-
EPC 1271	55	-	-	45	-	-
EPC 1272	55	-	-	45	-	-
EPC 1273	55	-	-	45	-	-
EPC 1262*	50	-	-	-	-	50

* Queensland Coal Investments Pty Ltd earning up to 51% through Farm-In JV Agreement

For further information please contact

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JORC COMPLIANCE STATEMENTS
Exploration Targets

The potential quantity and grade of exploration targets is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

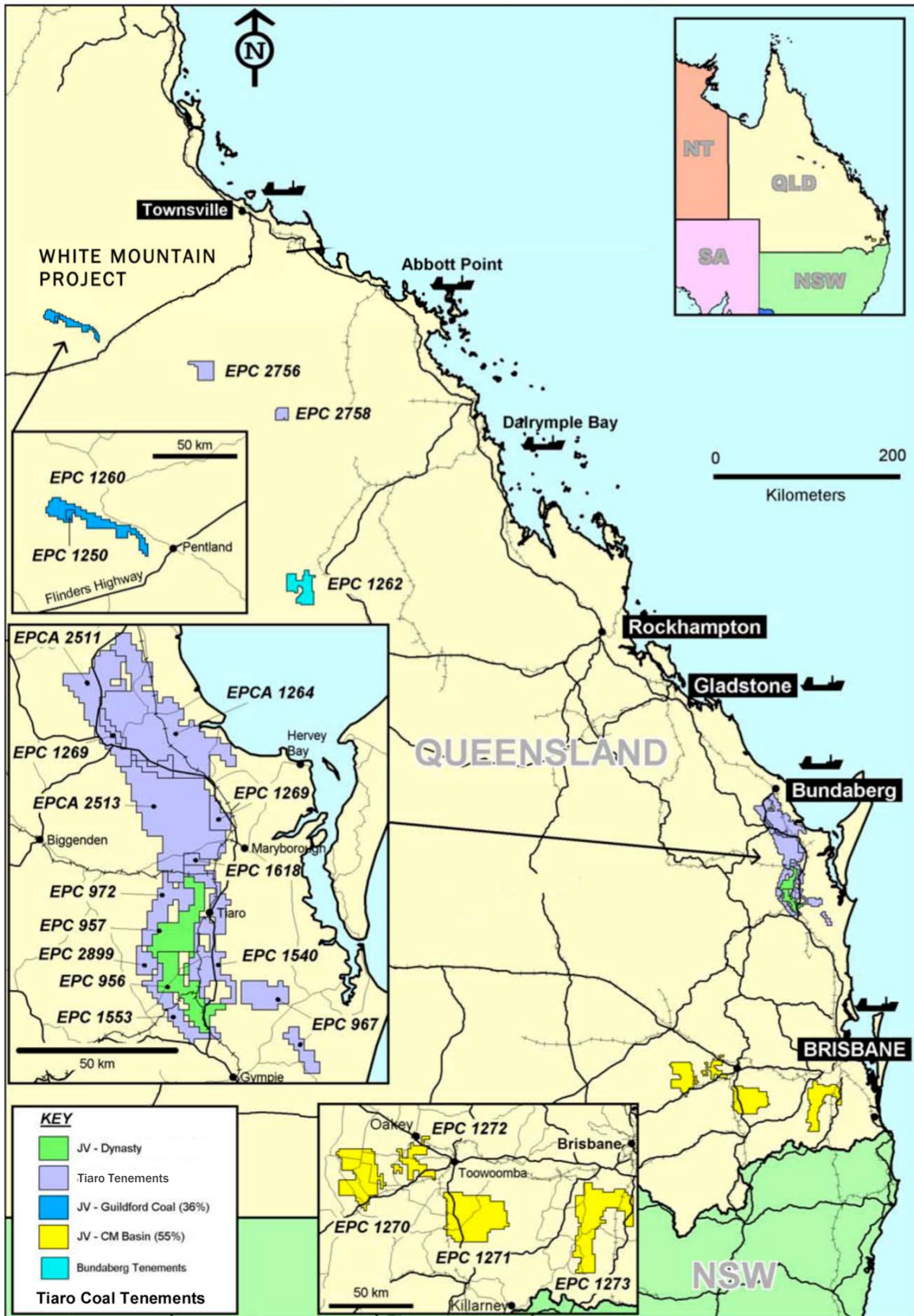
Maryborough Coal Project; Clarence Moreton Basin Project; EPC 1262

The information in this report that relates to Exploration Programs is based on information compiled by Jacob Rebek who is a member of Australian Institute of Mining and Metallurgy. Mr. Rebek is a qualified geologist and is a director of Tiaro Coal Limited.

Mr. Rebek has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of exploration Results, Mineral Resources and Ore Resources. Mr. Rebek consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

Galilee Basin Project

Please refer to ASX announcement by Guildford Coal Limited (ASX: GUF) dated 5 March 2012.



Tiaro Project Tenements May 2012