

Tiaro's business objectives

JORC Statements p4

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 drilling areas 92 km²
- Exploration Target 100-200 million tonnes in the Tiaro Coal Measures (see target note below)
- Maiden 40 Mt JORC Resource on T9 Block A (1 of 5)
- Metallurgical coal quality – high vitrinite
- Coking, PCI and Energy coals

Investment

To invest through equity participation in significant coal projects:

Galilee Basin

- 33% interest in the White Mountain Project with Guildford Coal Limited (ASX: GUF)
- 262Mt Inferred Maiden JORC 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 through 100% subsidiary

Minerals Trading

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

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

ASX Announcement

6 August 2012

Maryborough Coal Basin Interest at 100%

Tiaro through its wholly owned subsidiary Tiaro Energy Corporation Pty Limited (**TEC**) has reached agreement to acquire the remaining interest in the Dynasty Joint Venture from Dynasty Metals Australia Ltd (**Dynasty**) with respect to EPC 956 and EPC 957.

Acquisition of Joint Venture interest

Following Tiaro's acquisition of the other participants' interests (ASX 10 May 2012) in EPC 956 and EPC 957 Dynasty held 7.65% of the remaining interest.

Tiaro has agreed to purchase Dynasty's remaining interest through the issue of a total of 3,000,000 fully paid ordinary shares in Tiaro at the market price at completion.

The shares are subject to voluntary escrow for a period of twelve 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.

Tiaro now holds 100% interest in each of Tiaro's Maryborough Coal Basin Tenements.

The 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, rail and port facilities. The rail line bisects the exploration tenements. Tiaro is funding the programs.

Tiaro declared a maiden 40 Mt JORC coal resource at T9 Block A (2.5 km²), including Coking, PCI and Energy Coals with drilling to continue over the remaining T9 area (19.0 km²) and 17 seam groups identified.

Tiaro commissioned Runge Limited to review the borehole data for Tiaro's T9 Block A coal deposit on EPC 956, situated within the Maryborough Basin, to create an updated geological model and provide a resource estimate, reported to JORC guidelines and standards tabulated in Table 1.

The T9 Block A coal resource is located in the western portion of the T9 Exploration Target and comprises multiple seam groups. The resource model has been created based on geological data from 17 RC and 10 cored boreholes. Analytical data from the 10 cored holes has been used to determine the coal quality model. All borehole depths have been validated against geophysical wireline data.

Target Note: 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.

Table 1 - Summary of Resources

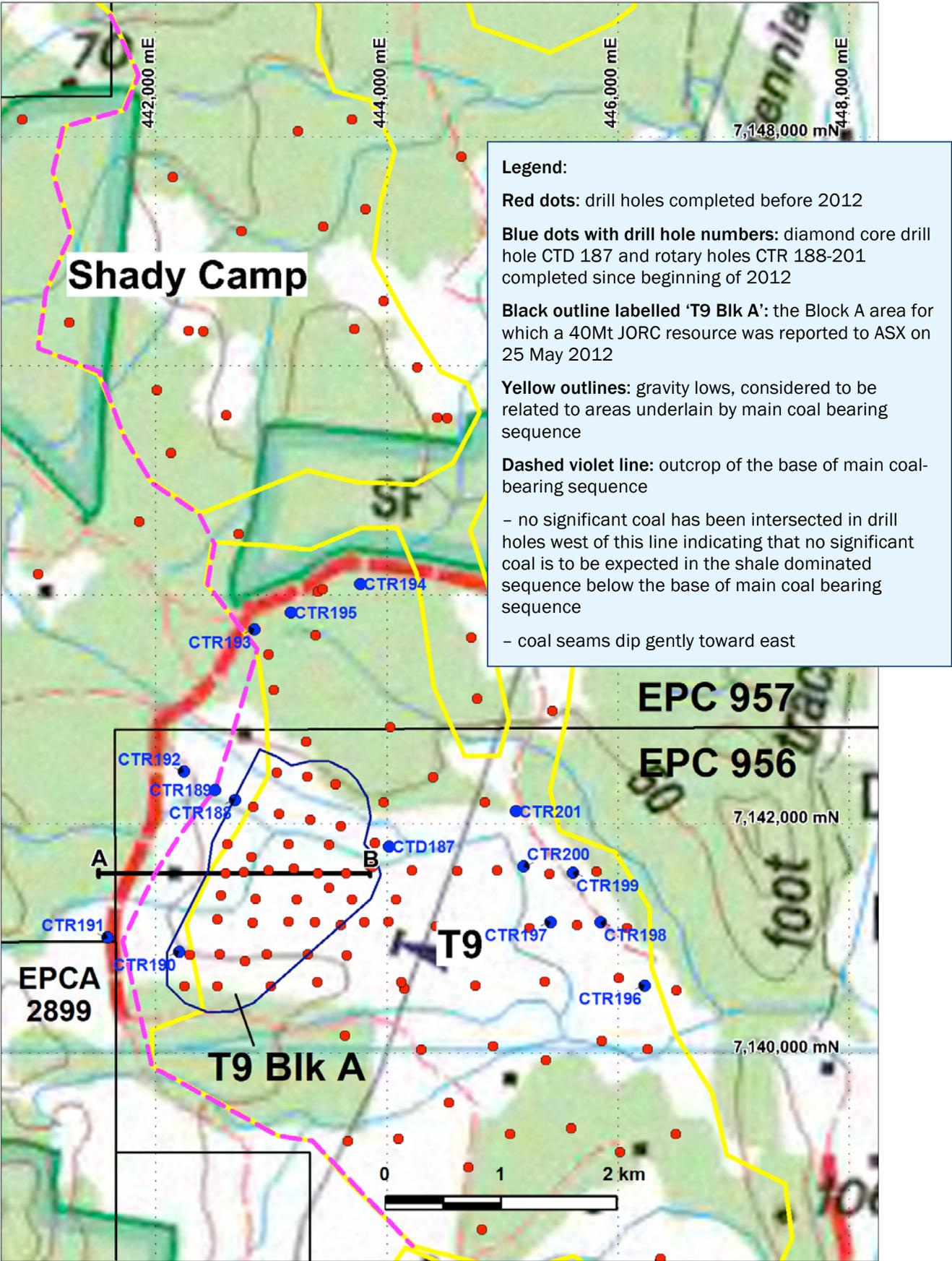
Resource Category	Coal Volume (Million Cubic Metres)	Insitu (Million Tonnes) ¹
<100m		
Indicated	3.7	6.2
Inferred	6.1	10.5
Indicated + Inferred	9.8	16.8
100m to 200m		
Indicated	3.6	6.2
Inferred	9.9	17.0
Indicated + Inferred	13.4	23.2
Total Indicated	7.2	12.4
Total Inferred	16.0	27.6
Total Indicated + Inferred	23.2	40.0

¹ Coal volume x relative density

Table 2 – Tiaro indicative interests at 3 August 2102

Licence	TEC	Guildford Coal	CM Basin	Nissan 5771	Bundaberg Coal
	%	%	%	%	%
EPC 956	100	-	-	-	-
EPC 957	100	-	-	-	-
EPC 967	100	-	-	-	-
EPC 972	100	-	-	-	-
EPC 1553	100	-	-	-	-
EPC 1540	100	-	-	-	-
EPC 1618	100	-	-	-	-
EPCA 1264	100	-	-	-	-
EPCA 1269	100	-	-	-	-
EPC 1250	33	60	-	7	-
EPC 1260	33	60	-	7	-
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



Shady Camp sector of coal exploration area in Tiaro District

Tiaro other coal interests

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

Galilee Coal Basin

The White Mountain Project 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.

For further information please contact:

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JORC COMPLIANCE STATEMENTS**Exploration Targets**

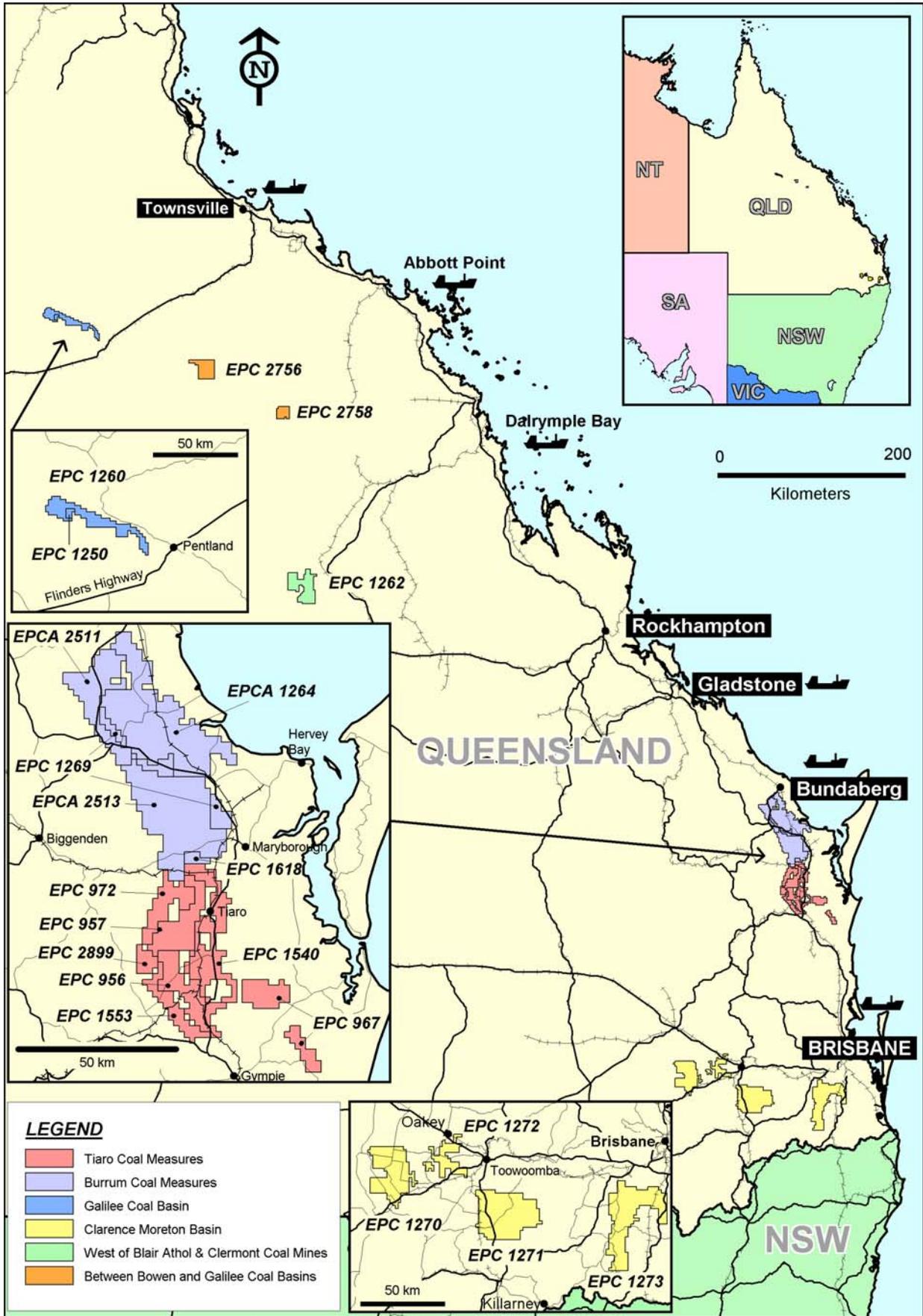
The potential quantity and grade of exploration targets is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

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 Exploration projects