

17 June 2008

Company Announcement Office  
Australian Securities Exchange Limited

## **Dynasty Farm-In Agreement Concluded**

On 28 April 2008, Tiaro Coal Limited - ASX:TCM - (**Tiaro**) advised that it had entered into a Heads of Agreement with Dynasty Metals Australia Limited (**Dynasty**) with respect to the Tiaro Coal Joint Venture (**TCJV**). The Farm-In Agreement has now been executed.

### **Background**

Tiaro Energy Corporation Pty Limited (**TEC**), a wholly owned subsidiary of Tiaro, currently holds an interest in the TCJV and is the manager. TEC can increase its interest to 80% by funding exploration in the amount of \$5 million.

The TCJV holds Exploration Permits for Coal (EPC): 956, 957, 967, 972 and EPCA 1151 which is under application.

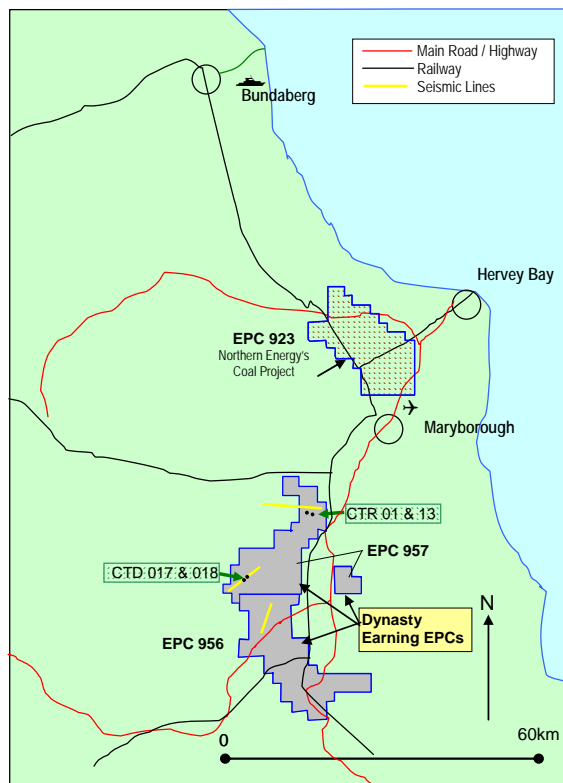
These tenements cover most of the known exposures of the Tiaro Coal Measures within the Mesozoic Maryborough Basin, located between Gympie and Maryborough in southeast Queensland.

The TCJV was formed in 2005 to undertake exploration in the Tiaro Coal Measures on the basis of wide ranged scout drilling to identify the existence of an economic coal mineralization.

To date 53 holes (50 open holes and 3 diamond holes) have been completed for a total of approximately 5,000 metres (average depth of a hole is 94 metres).

Coal intersections were made in several holes.

The exploration tenements are well serviced by nearby infrastructure, including manpower, mining support services, road and rail and port facilities.



The TCJV exploration tenements are located approximately 250km from Gladstone coal terminal by rail and approximately 200 km from the Brisbane terminal. The rail line bisects the exploration tenements.

### **Farm-In Agreement**

Under the Farm-In Agreement, Dynasty has the right to acquire up to 51% interest in each of EPC 956 and EPC 957 (**Dynasty Earning EPCs**) for payments of up to \$5 million.

The principal terms of the Farm-In Agreement are:-

1. Stage 1: Dynasty to provide an initial contribution of \$750,000 towards exploration expenditure in the Dynasty Earning EPCs.

Stage 2: Dynasty at its election and by sole contribution of the next \$750,000 towards exploration expenditure in the Dynasty Earning EPCs will earn an initial 15% interest in the Dynasty Earning EPCs.

Stage 3: Dynasty at its election within eighteen months of signing the agreement and by sole contribution of the next \$1 million towards exploration expenditure in the Dynasty Earning EPCs will earn an additional interest of 15% being a total interest of 30% in the Dynasty Earning EPCs.

Stage 1 – 3 expenditure will be considered as contribution toward increasing TEC's interest from 33.33% to 80%.

2. Within twelve months of earning a 30% interest in the Dynasty Earning EPCs Dynasty may elect to increase its interest in the Dynasty Earning EPCs by an additional 21% by payment of \$2.5 million to TEC.

Following this payment Dynasty's total interest in the Dynasty Earning EPCs will be 51%.

3. Dynasty the right of first refusal to participate in TEC's disposal of its interest in other coal exploration tenements in the Maryborough Basin.
4. TEC will be the manager of an Offshoot Farm-In Agreement and re-stated Joint Venture Agreement for the Dynasty Earning EPCs.
5. The Farm-In Agreement is subject to TEC formalising the consent and agreement of Jandale Holdings Pty Limited and Core Coal (Qld) Pty Limited, the other joint venture participants in the TCJV to vary existing agreements that are impacted by the Farm-In Agreement with Dynasty. It is not expected that consent will be withheld.

### **For further information please contact:**

Peter Meers  
Chief Executive Officer

**Tiaro Coal Limited**  
**Telephone: +61 2 9251 7177**