16 February 2009

Company Announcement Office
Australian Securities Exchange Limited

Tiaro Coal Limited (**Tiaro**) is an Australian mining company that listed on the Australian Stock Exchange on 3 March 2008 with company code TCM to undertake exploration for commercially viable coal deposits with the potential to produce metallurgical (coking, PCI) coals from the Tiaro Coal Measures.

Tiaro Coal Joint Venture Programme Update

- 2008 drilling programme completed
- Coal quality determined

  Several seams with high CSN (swell) numbers indicative of hard coking coal; washed product with approximately 10% ash (at about 40% yield) expected
- JORC compliant resource definition programme to proceed
- EPCA 1151 proceeding to grant

Tiaro Coal Joint Venture(s)

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**).

Through a separate joint venture Dynasty Metals Australia Limited (**Dynasty**) has earned 15% interest in EPC 956 and EPC 957.

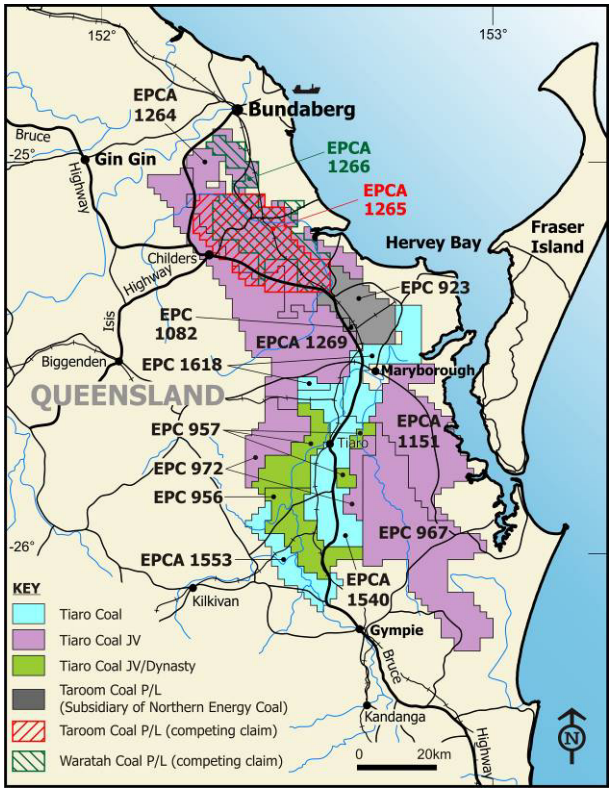

Figure 1 - Extent of Tiaro's coal interest

The joint ventures hold EPC 956, 957, 967, 972 and EPCA 1151 which is proceeding to grant and the respective holdings of each participant (at the date of this release) are:

Licence	TEC*	Core Coal	Jandale	Dynasty
EPC 956	41.66%	21.67%	21.67%	15.00%
EPC 957	41.66%	21.67%	21.67%	15.00%
EPC 967	56.66%	21.67%	21.67%	Nil
EPC 972	56.66%	21.67%	21.67%	Nil
EPCA 1151	56.66%	21.67%	21.67%	Nil

* TEC has the right to earn up to 80% interest in the TCJV by sole funding $5 million exploration expenditure over 4 years commencing August 2007

In addition application has been made for other tenements in the Maryborough Basin which are available to the TCJV (Figure 1).

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

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2008 Drilling Programme Completed

A follow up drilling programme conducted subsequent to a seismic programme has been completed.

Drilling was focused on EPC 956 and EPC 957 (**Tenements**).

The programme was conducted over the Shady Camp, T9, Munna Creek and Mungar prospect areas within the Tenements (Figure 2).

A total of 19 holes were completed for approximately 2,730 metres, of which 770 metres was diamond core drilling in three holes.

The holes were designed to follow-up previous good coal intersections in the Shady Camp and Munna Creek areas; test the deeper section at Shady Camp and Munna Creek based on results of seismic surveys; test a new prospect area to the south of Shady Camp – T9, identified from detailed airborne geophysics; and follow up coal intersections in the Mungar Road area.

Holes were geologically sampled and geophysically logged where possible, and an initial analysis of coal intersected in each hole was made on the basis of the visual and geophysical logging.

Overall, coal was intersected in 11 of 13 effective percussion holes and in all three diamond drillholes (three percussion holes were not considered valid tests as they had to be abandoned before they reached the target depth).

Based on the geological sampling of the cuttings and core, and geophysical log results, coal intersections that may equate to economic "working sections" (based on 5m containing at least 50% coal) were obtained in 4 percussion holes and 2 diamond drill holes at Shady Camp, T9, and Munna Creek (Figure 3).

Intervals of possible oxidized coal were also recorded at shallow depth in at least two of the percussion holes; these are significant as they may represent the near-surface location of possible shallow economic coal seams.

Drill holes completed to date were spaced at approximately 1 to 2km. The target zone located in the western part of the Tenements (including Shady Camp, T9, and Munna Creek targets) which were drill tested is approximately 10km long and 2 to 4km wide.

There are a number of other target zones in EPC 956, 957, 967, 972 and EPCA 1151 which will be tested in subsequent stages

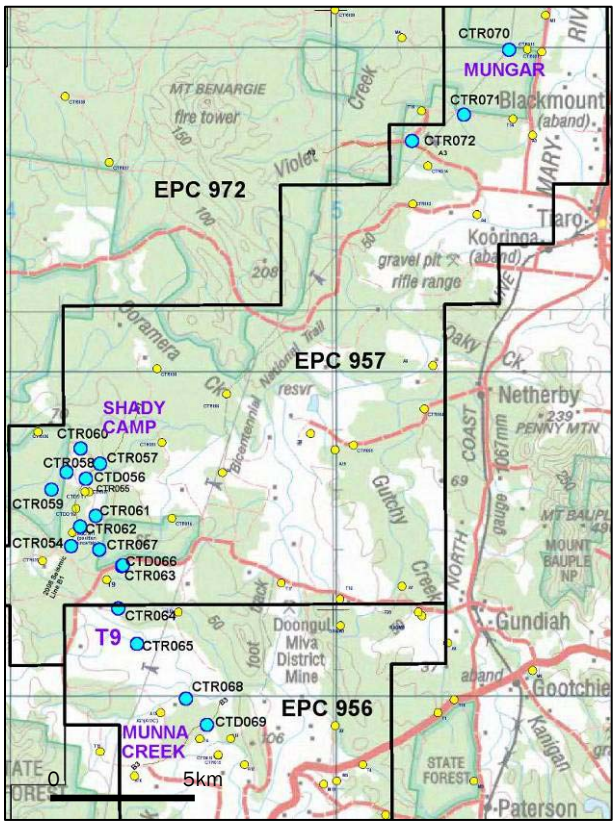

Figure 2 - 2008 drillholes shown in blue, previous drillholes shown in yellow

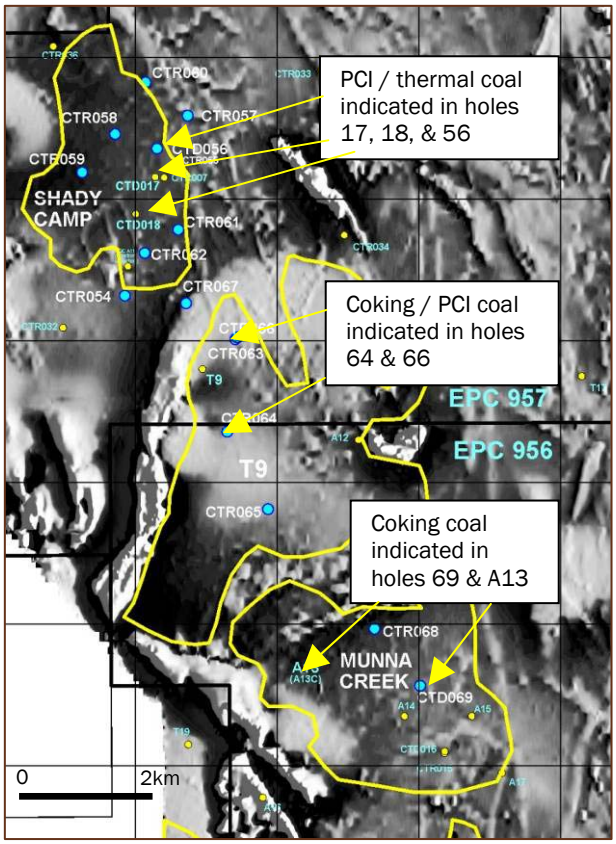

Figure 3 - 2008 drillholes shown in blue, previous drillholes shown in yellow.

Yellow outline indicates future target areas, (2009 program will be staged in Target area A)
Background image is magnetic first vertical derivative

Core Quality Determined

Based on completed washing tests, washed product with approximately 10% ash (at about 40% yield) can be expected. Tests on samples from drill holes in the central and southern part gave high CSN (swell) numbers indicative of coking coal. Samples from the drill hole in the northern part are indicative of PCI type coal.

The determination of coal of potentially marketable quality has been based on visual identification in cuttings or core samples, and analysis of geophysical log data. Based on this assessment, 26 samples were selected and submitted to the ACIRL coal facility in Brisbane for testing to ascertain coal quality characteristics. The majority of samples were from the three cored holes, due to the better quality of sample obtained, and more reliable results expected from such sampling. Some percussion chip samples were also submitted for raw coal testing as a comparison with the core results, and in areas where no other data are available.

Table 1 – Summary results on samples submitted for float / sink testing (F1.4 fraction)

Hole	Sample Reference	Yield	Ash	Volatile matter	Gray King	Moisture (air dried basis)	Rv0 max	CSN	Sulphur (dry, ash free)	Max Fluidity	Dilatation
		%	%	%		%			%	ddm	%
CTD 056	1	22.7	9.7	15	B	1.4	1.94	3.5	0.69	0	-2
	2	39.9	9.5	18.3	B	1.8	1.68	1	0.68	0	-3
CTD 066	3	35.1	11.4	21.4	G1	1.4	1.47	>9.0	0.62	4	15
	4	42.9	11.8	24.6	G10	1.4	1.31	>9.0	0.64	200	105
CTD 069	5	34.2	10.5	22.8	G	1.3	1.38	>9.0	0.69	150	96
A13*	6	37	13	32	na	2	na	9	0.62	na	na

* Historical data from Allied Qld Coalfields 1984 report to Mines Dept (CR13090); data is for F1.45 F/S fraction

Sample Reference	Interval Roof (m)	Interval Floor (m)	Total Interval (m)	Comments
1	82.38	85.6	3.22	composite of 2 samples (sampled length 2.64m)
2	115.7	121.29	5.82	composite of 3 samples (sampled length 1.75m)
3	93.3	94.3	1.00	full interval
4	165.65	166.85	1.20	full interval
5	219.25	230.85	11.6	composite of 3 samples (sampled length 3.03m)
6	45.68	47.83	2.15	some core loss noted, 71% of interval recovered and analysed

Samples were submitted for the Shady Camp, T9 and Munna Creek areas.

The samples were submitted for initial raw coal analyses (proximate analysis to determine standard ash, moisture, density, volatile matter, and specific energy) and washability (float/sink) tests on 7 composites of selected samples (summary results of three cored holes are presented in Table 1).

The results of the initial test work indicate:

- The potential occurrence of premium coking coal product in the T9 and Munna Creek areas, as indicated by the high CSN (swell) values, has been recognised.
- The yields for these coals are also relatively good (best is 68% at 16% ash, or 40% at 9.5% ash), but it must be noted that several of the samples (e.g. from CTD069 at Munna Creek) are from deep intervals, and are composites of narrow bands of coal over broad intervals.
- This now confirms the old AQC result (hole A13) in which high CSN values were reported.
- Percussion holes CTR65 and CTR68 at T9 and Munna Creek returned good coal intervals based on geophysical logs.
- On this basis, the potential for determining an economic resource through further exploration at T9 and Munna Creek is enhanced.

2009 JORC definition drilling programme

A major drilling programme has been designed to test Target area A (Figure 4); the objective being to define a JORC compliant resource.

Phase 1: Target definition & correlation drilling

- Diamond drill hole
- Percussion drill holes

Phase 2: JORC inferred resource drilling

- Diamond & Percussion drill holes (indicative locations shown, to be finalised following Phase 1 program) - black ellipse shows size of possible Phase 2 follow-up target area that would yield resource of about 15Mt (based on 5m working section containing at least 50% coal).

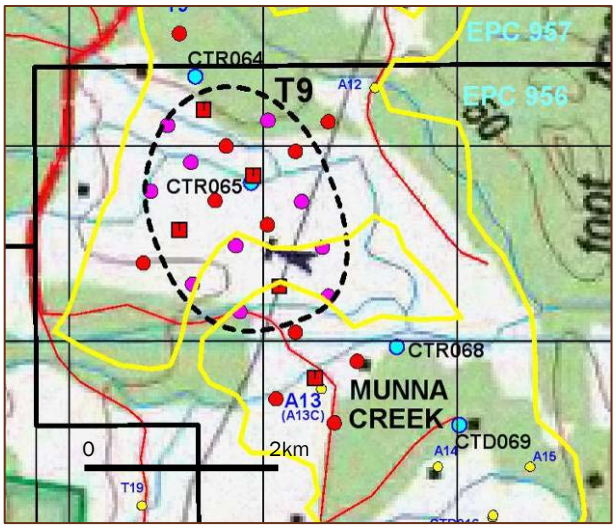

Figure 4 - Target area A

EPC 1151 proceeding to grant

EPCA 1151 is located to the north-east of the granted areas (Figure 1) and was applied for to investigate the coal potential of:

- the northern part of the Tiaro Coal Measures (largely covered by a thin veneer of younger sediments but have been intersected in a Queensland Geological Survey stratigraphic drill hole, with two intersections of coal seams); and
- the southern part of the Burrum Coal Measures (the area is covered by a thin veneer of younger sediments but interpretation of gravity and magnetic data indicates that Burrum Syncline extends across Mary River to SE into in north part EPCA 1151)

The Minister for Mines and Energy has advised that the application can proceed to grant.

Summary of Exploration Works Conducted by TCJV to date

Since listing Tiaro has successfully completed coal exploration programmes consisting of a detailed airborne magnetic and radiometric survey, to enable better selection of target zones for follow-up exploration; seismic surveys to define the targets for drilling; and drill testing of the targets to define deposits of high value (metallurgical) coal.

Tiaro Coal Joint Venture activity at 31 December 2008*	**EPC 956**	**EPC 957**	**EPC 967**	**EPC 972**	**EPCA 1151**
No. of RC / open percussion holes drilled	9	27	26	4	
Drilled meterage of RC / open percussion	840m	2979m	2438m	272m	
No. of diamond core holes drilled	2	4	0	0	
Drilled meterage of core (including open precollars)	450m	757m	0m	0m	
Meterage of geophysical wireline logging (max density log depth)	1127m	3096m	1797m	257m	
No. of samples submitted for raw coal analysis	49	248	0	0	
No. of vitrinite reflectance samples submitted	5	24	8	2	
Seismic Line Survey (approx kilometres)	3.6	10.7	10.1	4.7	0

*does not include pre-TCJV data prior to 2005

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The information in this report that relates to Exploration Programs covering EPC 956, EPC 957, EPC 967 and EPC 972 are 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 mineralization 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.