

EL1_2015 Annual Return May 2017

Junction Coal Pty Ltd

Summary of Exploration Completed 2016-17

Fieldwork

No field activity was undertaken during the reporting period.

Promotional Activities

The proposed drilling program has been delayed due to a lack of funding. Junction Coal has found the environment for raising exploration funds for thermal coal exploration and mining very challenging. Several times Junction Coal has been close to securing potential partners with the deals not being finalised at the last moment. Junction Coal has produced a promotional leaflet and presentation outlining the benefits of the project (both enclosed).

Junction Coal is passionate about supporting the coal industry in Tasmania and continues to talk to potential partners in order to secure funding. From advice given to Junction Coal from various stockbrokers and financial institutions, the focus has shifted from promoting the “Stanhope” and “Fenhope” seams, which are thermal coal, to the “Delta” seam which is purported by Twelvetreets (1906) and Hills et al (1922) to have semi-soft coking properties. It is hoped that drilling to confirm this premise should commence by Q4 2017.

Geological activities

The following geological activities were completed during the last twelve months, since those reported in Biggs and Nowland (2016):

Communication with the MRT

The following issues have been resolved with the assistance of the MRT during the year:

1. Through various requests and discussions with the MRT, the actual hardcopy of Threader (1968) has been managed to be found within the MRT archives;
2. Numerous discussions have taken place between the MRT and Junction Coal about the geo-registering of historical mining leases and mine plans in the Avoca Coalfield and considerable progress has been made to consolidate this work. The ultimate goal, which has proved challenging is the digitising and registering to the current Geodatum GDA94 local map grid coordinate system “MGA zone 55” of all historical mine plans for the Old and New Stanhope Collieries, Fenhope Colliery, Undergrounds and the Stanhope Open-cut. This work has also encompassed the digitising and registering adits and shafts associated with the Mt Christie Mine and Bonney’s Plains Prospect as described in Twelvetreets (1906) and Hills et al (1922).

Geological Modelling

The deposit is being correlated and modelled in Minescape, with the following tasks either completed or nearing completion:

1. Correlation of coal seam picks;

2. Compilation and encoding of all available coal quality data;
3. Digitising and registering all underground mine faults;
4. The completion of a structural and coal quality model.

The last three activities have taken longer to complete than anticipated due to the ambiguity between the available historical maps and data. This has delayed the modelling and resource reporting until the next period. Seam nomenclature and seam correlations are also taking time to resolve. Despite the extensive mining history, the lack of modern downhole geophysical logging has hampered seam correlation and painstaking matching to available mine records has been required.

Proposed Exploration

Upon receipt of funding in Q3 2017 it is planned to drill three (3) exploration hammer/PCD boreholes and 3 hammer/chip pilot holes which will guide the drilling of three (3) large diameter partially-cored holes (4C; 100mm). These holes are dictated by the market informing Junction Coal that proof of the Delta seam having semi-soft coking properties is required. The holes will be drilled at sites chosen across the Stanhope, Mt Christie and Bonney's Plains deposits to obtain sufficient material for standard float/sink washability testing. Detailed exploration plans will be forwarded to the MRT once funding is complete.

References

- Biggs M.S., and Nowland M.L., 2016, Annual Report for EL1/2015 Avoca West Coal Project for period ending 23rd April 2016, prepared by ROM Resources on behalf of Junction Coal Pty Ltd, May 2016, 32pp
- Hills, C., Reid, A., Nye, P., Keid, H., & Reid, W. (1922). The Coal Resources of Tasmania. Tasmania Department of Mines Geological Survey Mineral Resources No. 7.
- Threader, V. (1968). Interim Report on the Geology and Coal Resources of the Northeast Coalfields of Tasmania. Department of Mines Tasmania.
- Twelvetrees, W. (1906). On Coal at Mt. Rex. Report to the Secretary of Mines Tasmania, 1905:1-8.