



EXPLORATION LICENCE (EL) 25246

**FINAL ANNUAL REPORT
FOR PERIOD ENDING 12 NOVEMBER 2008**

Submitted by the Titleholder: **TRI-STAR ENERGY COMPANY**

Prepared by: **Dr James Butler**

Date: **4 December 2008**

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SUMMARY

This is the final annual report for EL 25246. This licence is being relinquished as a coal permit because the company has determined the coal seam underlying this area are too deep to be economically mined. This licence has been part of a group of licences that we assembled to create a large area that could feasibly be exploited as a coal producing area. We continue our work on the remainders of the tenures and anticipate that we shall ultimately create a large economic project.

Section 34 of the Mining Act requires the submission of an Annual Report prepared by the titleholder for each current Exploration Licence (EL). This Final Annual Report for EL 25246 provides a summary of activities undertaken on the permit in the past year including any results produced by these activities.

EL 25246 was granted on 13 November 2006 for a term of six years. Tri-Star Energy Company is the sole titleholder and the operator of EL 25246. The work and expenditure program for EL 25246 during its first year required a geological and geophysical review of existing data and information towards determining the location of Permian coals within the Purni Formation and specifically, their depth, thickness, lateral extent and quality. No field activities were intended during the first year and none were carried out. During this second year, coal studies continue resulting in our final conclusion that the coal was too deep to economically produce.

Tri-Star Energy Company has met all work and expenditure commitments for EL 25246 for the term of the licence.

INTRODUCTION

EL 25246 was granted to Tri-Star Energy Company on 13 November 2006, and covers an area of 407 sub-blocks.

EL 25246 is located approximately 70 kilometres east northeast of Finke in the southern Northern Territory, and the tenure's southernmost boundary is located approximately 50 kilometres north of the border between the Northern Territory and South Australia, as shown in Figure 1. EL 25246 is geologically located over the Pedirka and Eromanga Basins, as shown in Figures 2 and 3. Figure 4 shows the surface geology of the tenure.

The topography of the tenure area, shown in Figure 6, is varied and includes the Moolta Hills, parts of the Indida and Andado Swamps, and the north northwest-trending sand dunes of the Simpson Desert that average less than 15 metres in height as well as claypans and small dry lakes. The elevation above sea level increases towards the western end of EL 25246. The tenure is traversed by a few tracks in the western part of the area.

EL 25246 is located on the McDills 1:250,000 map sheet (SG53-7), and its Mc Dills (5946), Andado (5947), Nuckua (6047) and Etingambra (6046) 1:100,000 map sheets.

Tri-Star's exploration rationale and objectives for EL 25246 considered the evaluation of the coal potential of the Permian Purni Formation, which contains coal seams that are likely to be correlatives of Upper Permian coal measures found in Queensland's Bowen Basin. Investigations were intended to locate the subcrop edge of the Purni Formation and it has been determined using seismic data that the coal is too deep to be mined as shown on seismic structure map in Figure 8. The coal quality in the permit area and

actual location and local lateral extent of the coals, if present, are still to be determined.

HISTORY OF EL 25246

EL 25246 was granted to Tri-Star Energy Company for six years commencing 13 November 2006, as the sole titleholder and operator. The permit is comprised of 407 sub-blocks located approximately 70 kilometres east northeast of Finke in the southern Northern Territory.

The 407 sub-blocks are described as follows:

407 Sub-Blocks - Oodnadatta SG53 1:1,000,000 Block Identification Map:

Block 1194 - A to E, K, P, U (all inclusive),
Block 1195 - A to H, J to Z (all inclusive),
Block 1196 - A to H, J to Z (all inclusive),
Block 1197 - A to H, J to Z (all inclusive),
Block 1198 - A to H, J to Z (all inclusive),
Block 1199 - A to D, F to H, J, L to O, Q to T, V to Y (all inclusive),
Block 1265 - C to H, J to Z (all inclusive),
Block 1266 - F to H, J to Z (all inclusive),
Block 1267 - A to H, J to Z (all inclusive),
Block 1268 - A to H, J to Z (all inclusive),
Block 1269 - A to H, J to Z (all inclusive),
Block 1270 - A to H, J to Z (all inclusive),
Block 1271 - A to D, F to H, J, L to O, Q to T, V to Y (all inclusive),
Block 1338 - A to H, J to U (all inclusive),
Block 1339 - A to H, J to U (all inclusive),
Block 1340 - A to H, J to U (all inclusive),
Block 1341 - A to H, J to U (all inclusive),
Block 1342 - A to H, J to U (all inclusive),
Block 1343 - A to D, F to H, J, L to O, Q to T (all inclusive).

The permit area is located over surface lands that have not extinguished native title, which are comprised primarily of Perpetual Pastoral Leases, as shown in Figure 7.

REGIONAL GEOLOGY

The Pedirka Basin is an intracratonic basin located across the border between the Northern Territory and South Australia in central Australia, with the majority of the basin area occurring in the Northern Territory. The geologic units it contains are Permo-Carboniferous in age and are correlative with sediments of the Cooper and Officer Basins.

The eastern part of the Pedirka Basin is covered by a thin section of units of the Simpson Basin, which are Triassic in age. The sections of these two basins are then in turn overlain by a thicker succession of Eromanga Basin units, which are Jurassic-Cretaceous in age. Where the Simpson Basin section is absent, the Pedirka Basin is directly overlain by sediments of the Eromanga Basin.

The primary structural features of the Pedirka Basin are the Eringa and Madigan Troughs, which are also the main depocentres that are separated by the McDills Anticline.

Table 1 provides a stratigraphic table of the Pedirka Basin, and the overlying Simpson (where present) and Eromanga Basins. These basins are also overlain by a shallow section of fluvial and aeolian units of the Eyre Basin, which is found at the surface.

PERMIT GEOLOGY

EL 25246 is geologically located over the central part of the Pedirka Basin. The section thins to the northwest. The tenure is located over the axis and flanks of the Eringa Trough. The tenure is located across the northern end of the McDills Anticlinal Trend and towards the southern limit of the Hallows Trend. The northern zero edge of the Pedirka Basin that runs in a general east-west direction is located approximately 80 kilometres north northwest of the northern boundary of the tenure.

Within the tenure area, units of the Pedirka Basin are overlain by a substantial section of Cretaceous-Jurassic units of the Eromanga Basin. It is believed that Simpson Basin units are absent from the stratigraphic section in this area, as EL 25246 is located west of that basin's western margin.

The enclosed seismic map indicates that the Purni Coals are dipping at a uniform rate and are too deep to mine.

EXPLORATION OBJECTIVES AND RATIONALE

The objective of Tri-Star Energy Company's exploration program on EL 25246 and adjoining tenures was to identify a deposit of Permian age coal from the Pedirka Basin that could be economically extracted and sold at a profit.

Tri-Star's exploration rationale included a literature search where access to all available literature from previous private and governmental basin studies, mineral and petroleum exploration to understand what is currently known about the coals of the Purni Formation in existing reports.

Tri-Star conducted a geological and geophysical data review to determine what data were available for further interpretation.

Tri-Star will obtain all well data that intersects the Purni Formation and include the depths of the reported formation tops in the mapping package. Note will be taken of formation lithology identification and descriptions. Petroleum wells will be the most useful well-data source; however, all government bores, mineral bores and water wells will be investigated to confirm if they intersected the target coals.

The seismic map as shown on Figure 8 was created and illustrated the depth and structure of the coal.

EXPLORATION ACTIVITIES DURING THE REPORTING PERIOD

During this second and final year of work on the licence, Tri-Star Energy Company continues to assemble and study all relevant geological and geophysical data and constructed the seismic map shown in Figure 8.

REPORTS LODGED FOR EL 25246 DURING THE REPORTING PERIOD

No reports for EL 25246 were lodged during the year prior to this report. Tri-Star believes that there were no reports that were required to be lodged during that period.

CONCLUSIONS

Tri-Star Energy Company has succeeded in determining the presence and structure of the Purni coal within this exploration licence. All available were incorporated in the construction of the seismic map. And Tri-Star Energy Company has concluded base on the seismic data that no further work need be carried out on this exploration licence regarding the occurrence of the Purni coal.

We appreciate the co-operation and assistance the Northern Territory government agencies and individuals during the course of our investigation and look forward to future work with them.

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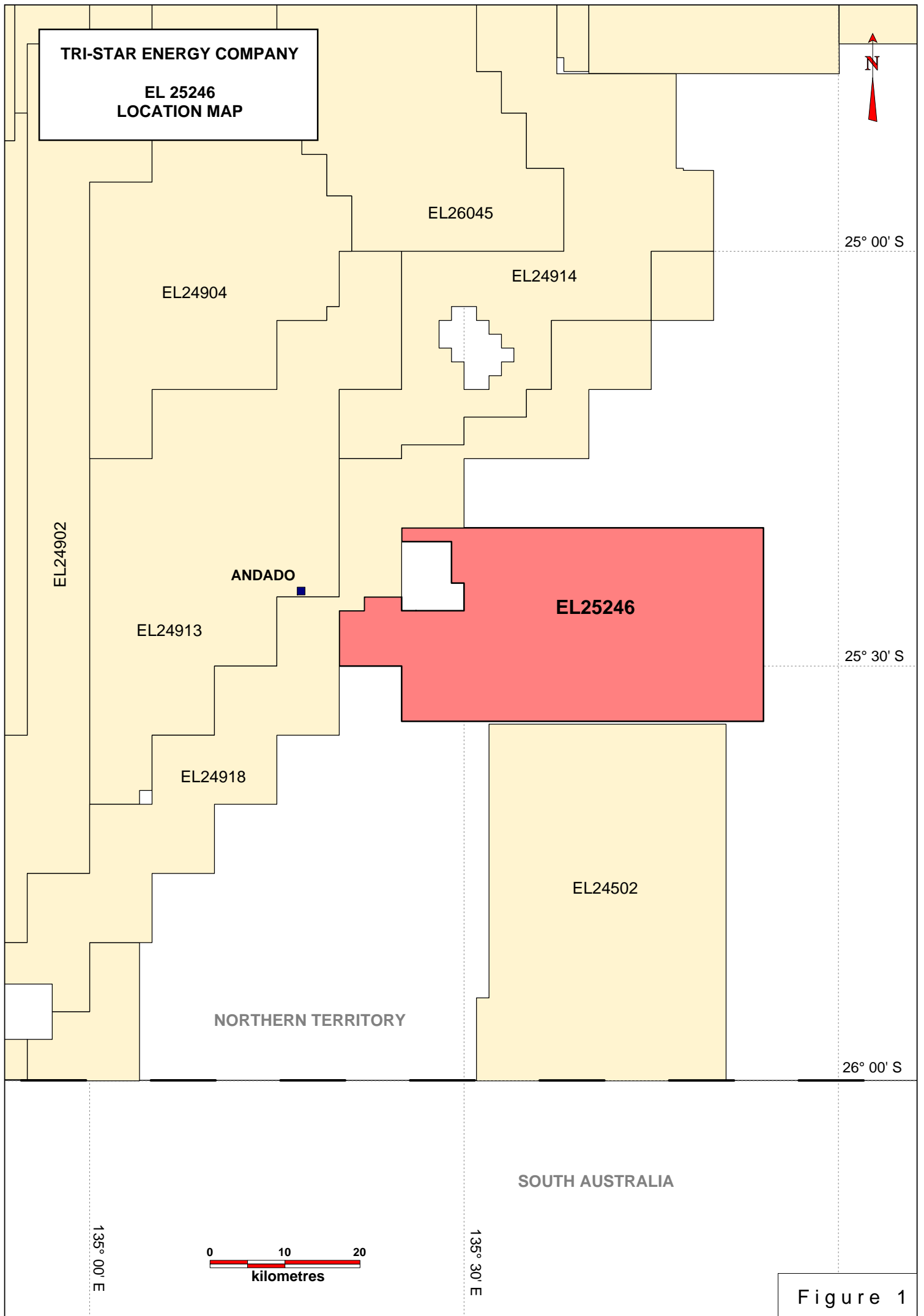
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FIGURES



TRI-STAR ENERGY COMPANY
EL 25246
BASIN GEOLOGY

Pedirka Basin
(Sandstone, shale,
limestone, coal,
diamictite)

Eromanga Basin
(Mudstone, shale)

Andado ■

EL25246

NORTHERN TERRITORY

SOUTH AUSTRALIA

25° 00' S

25° 30' S

26° 00' S

135° 00' E

135° 30' E

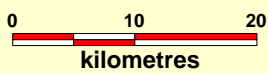
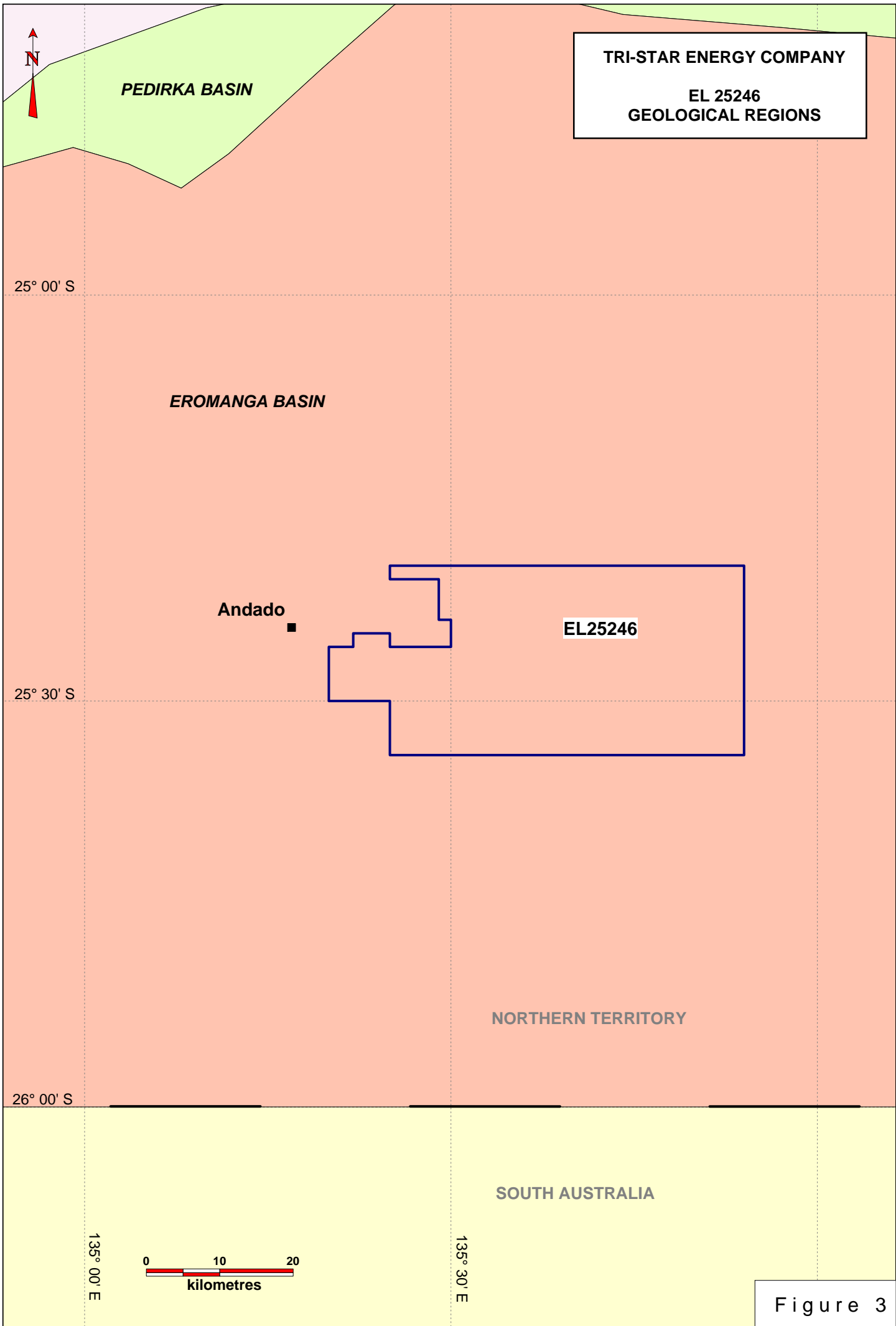


Figure 2



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EL 25246
SURFACE GEOLOGY



25° 00' S

Andado

EL25246

25° 30' S

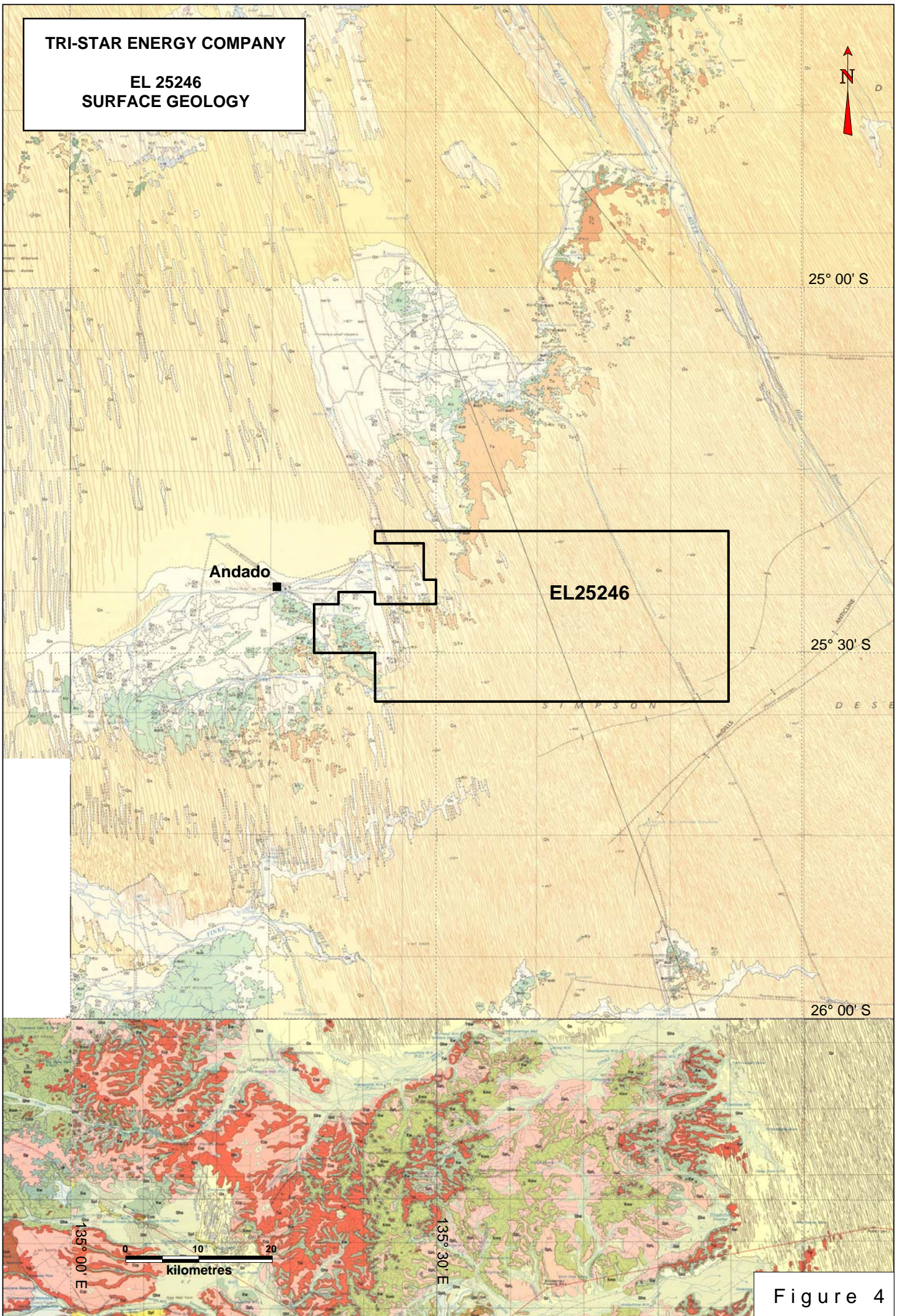
26° 00' S

135° 00' E



135° 30' E

Figure 4



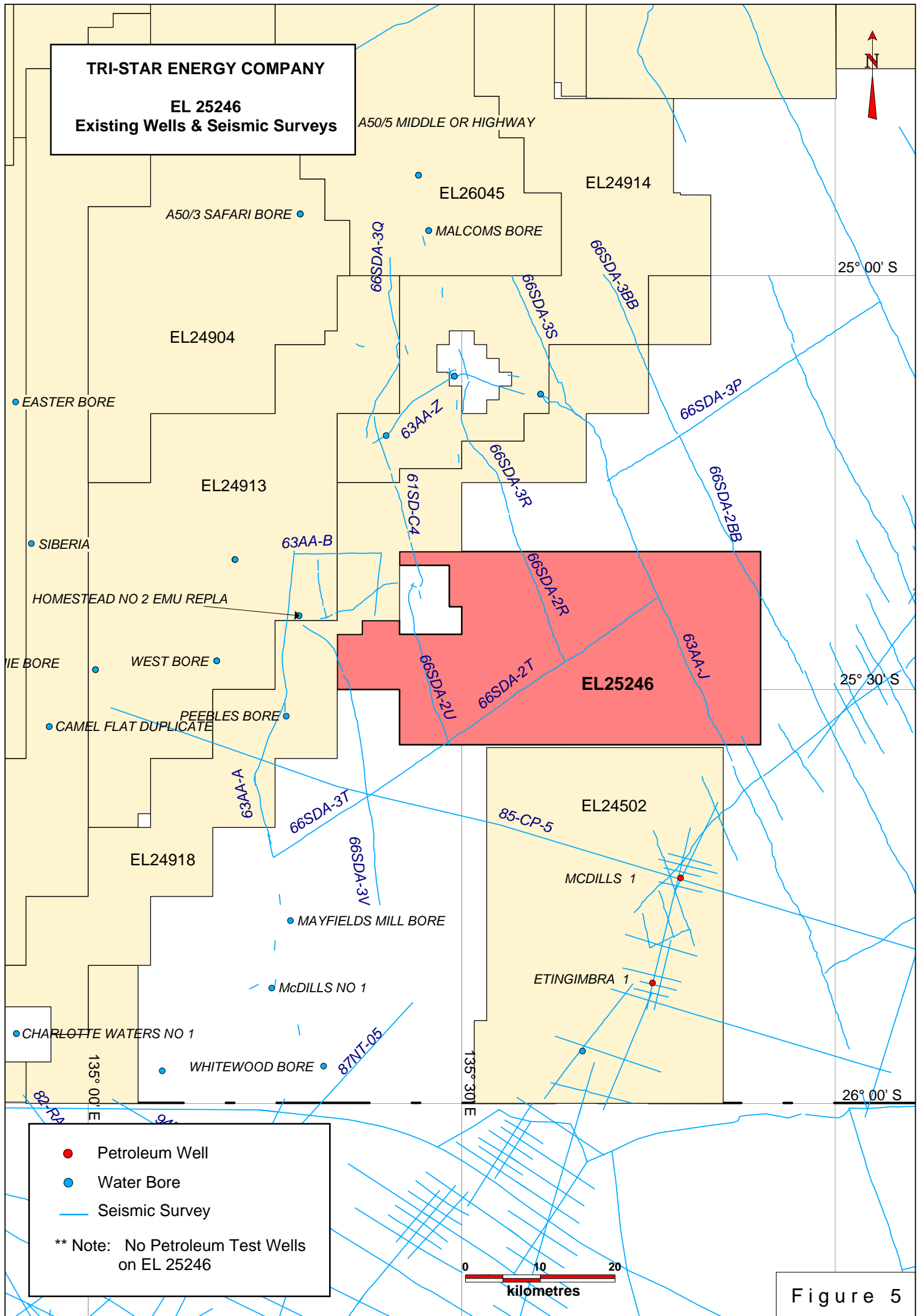


Figure 5

TRI-STAR ENERGY COMPANY

EL 25246
TOPOGRAPHIC MAP



25° 00' S

Andado

EL25246

SIMPSON DESERT

25° 30' S

26° 00' S

135° 00' E

135° 30' E

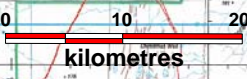
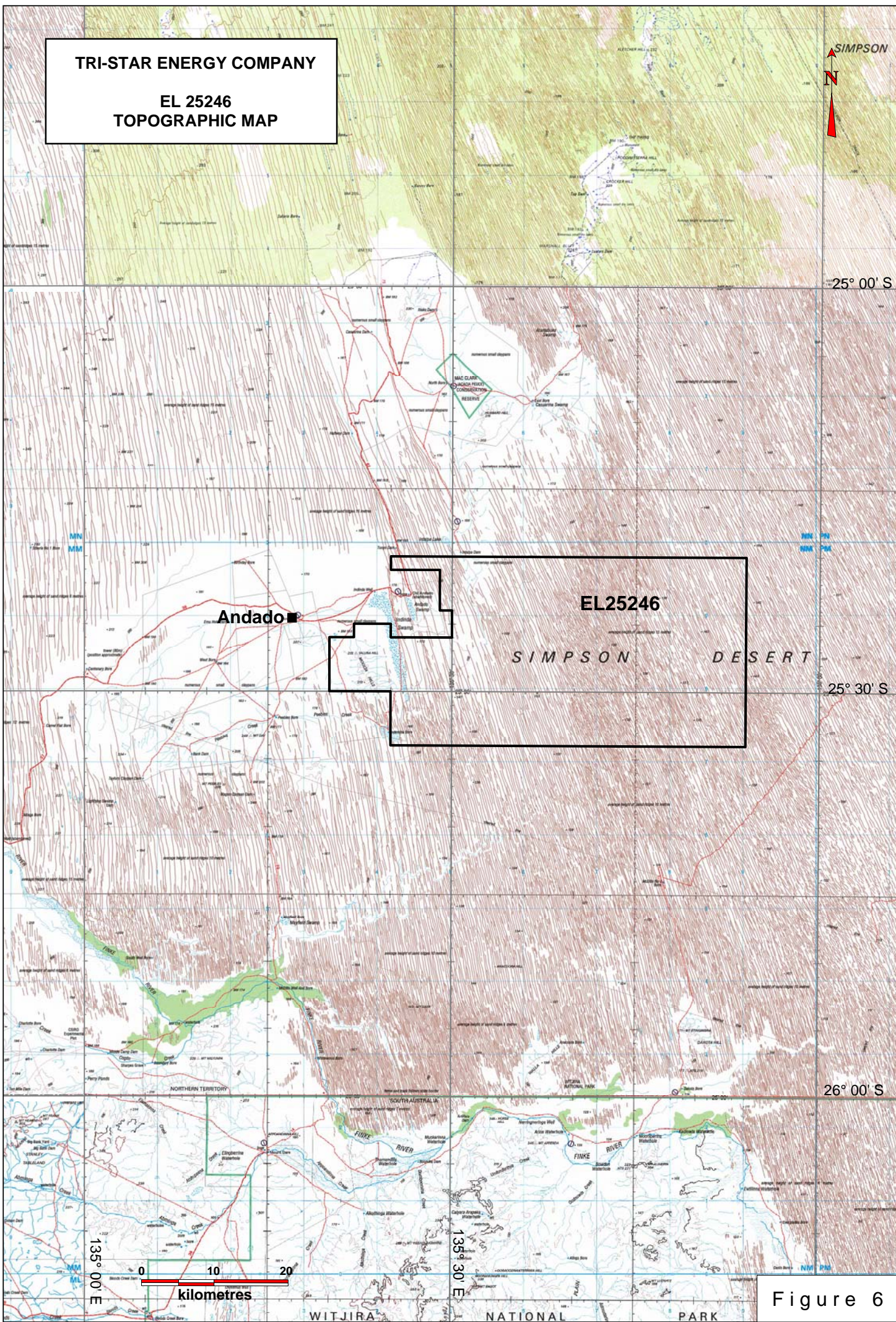
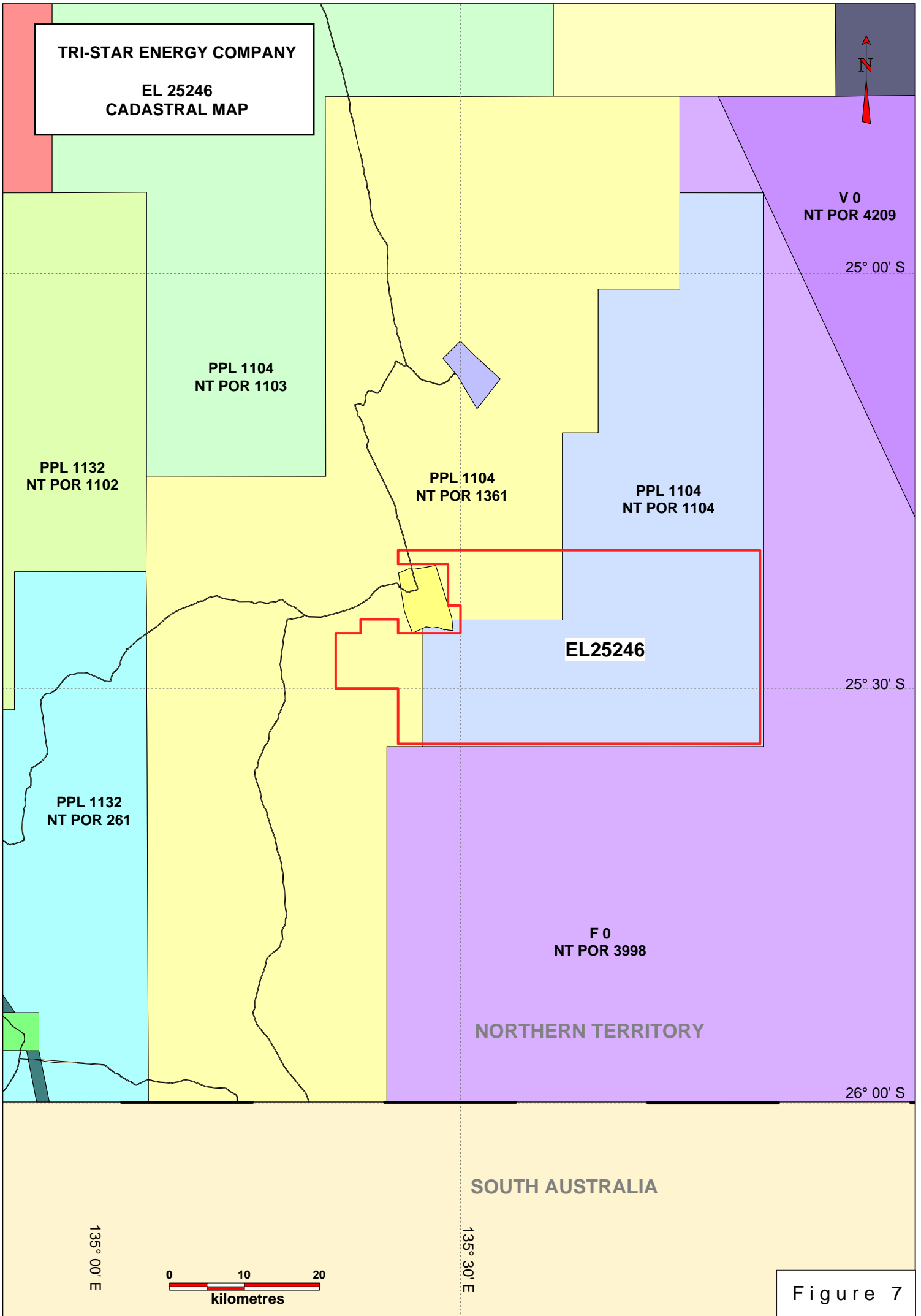


Figure 6





TABLES

Table 1

STRATIGRAPHIC TABLE - EROMANGA / SIMPSON / PEDIRKA BASINS

BASIN	AGE	STRATIGRAPHY
EYRE	TERTIARY	Recent sediments
		Eyre Formation
EROMANGA	CRETACEOUS	Winton Formation
		Allaru Mudstone
		Toolebuc Formation
		Cadna-owie Formation
	JURASSIC	Algebuckina Sandstone
Poolowanna Sandstone		
SIMPSON	TRIASSIC	Peera Peera Formation
		Walkandi Formation
PEDIRKA	PERMIAN	Purni Formation
		Crown Point Formation
	CARB.	
	PRE-CARB.	Undifferentiated

Modified after Middleton et al 2005