TRI-STAR ENERGY COMPANY

COMBINED ANNUAL REPORT FOR
PERIOD ENDING 8 AUGUST 2012

Exploration Licences 24899, 24900, 24901, 24902, 24903, 24904, 24913, 24914, 26045, 27219, 27347 and 27348

Commercial In Confidence

Titleholder	Tri-Star Energy Company ARBN 089 539 695
Operator	Tri-Star Coal Operations LLC ARBN 138 462 281
Titles / Tenements	Pedirka Basin Project: EL 24899, 24900, 24901, 24902, 24903, 24904, 24913, 24914, 26045, 27219, 27347 and 27348
Report Title	Combined Annual Report for Period Ending 8 August 2012
Target Commodity	Coal and Base Metals
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EXECUTIVE SUMMARY

This Group Annual Technical Report for Exploration Tenures EL 24899, 24900, 24901, 24902, 24903, 24904, 24913, 24914, 26045, 27219, 27347 and 27348 ("Tenures") provides a summary of the activities undertaken on the Tenures since August 2011, including any results produced by these activities.

Tri-Star Energy Company is the sole titleholder of these tenures and Tri-Star Coal Operations LLC is the operator of these tenures. The exploration program for these tenures is aimed at identifying the location and the structure of the Permian coals and ironstones of the Purni Formation, with the ultimate goal of determining their potential for mining.

During this reporting period, Tri-Star completed additional stages of its seismic acquisition program, consisting of 526.70 kilometres of seismic line, completed cultural heritage and sacred site investigations, continued geological field mapping, compiled a conceptual development plan and conducted a review of its drilling procedures against plan requirements.

As expanded in Table 1, drilling consisted of 23 HRD holes totalling 4843m, one (1) DCD hole at 69m, and two (2) HRD and DCD holes totalling 508m.

During the next term, Tri-Star intends to drill up to an additional twenty-five holes to collect coal quality data and assess the results, with a continued focus on both the coal and iron formations to assess their potential mineability.

INTRODUCTION

The tenures subject to this report were granted to Tri-Star Energy Company at various dates between August 2006 and November 2009 covering an area of approximately 13,674 square kilometres (4,431 blocks).

These tenures are located around Finke in the southern Northern Territory near the border between the Northern Territory and South Australia, as shown in Figure 1. They lie approximately 160 kilometres southeast of Alice Springs and 90 kilometres east southeast of Erldunda on the Stuart Highway-Lasseter Highway junction. These tenures are geologically located over the Amadeus, Pedirka and Eromanga Basins, as shown in Figure 2.

The topography of the permit area, shown in Figure 3, is dominated by the floodplains of the Finke River, Lilla Creek and Goyder Creek. The central area of the tenure group is crossed by areas of north trending sand dunes that are less than 10 metres in height. The elevation above sea level increases towards the southern ends of the tenures where the Newlands and Beddome Ranges occur. The tenures are traversed by various property access roads and tracks between the many dams and water bores. The tenures are located on the Finke 1:250,000 map sheet SG5306, Rodinga 1:250,000 map sheet SG5302, the Hale River 1:250,000 map sheet SG5303 and the McDills 1:250,000 map sheet SG5307. The exploration licences are located on the following 1:100,000 map sheets:-

- Pillar Range 5848;
- Day 5948;
- Poodinitterra 6048;
- Engoordina 5747;
- Musgrave 5847;
- Andado 5947;
- Nuckua 6047;
- Beddome 5746;
- Finke 5846; and
- McDills 5946.

Tri-Star's exploration rationale and objectives for these tenures consider 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. Exploration activities are intended to locate the sub-crop edge of the Purni Formation, and Tri-Star's activities have greatly narrowed the area in which the subcrop is located. In light of the 2011 seismic data acquisition, a more extensive drilling program has been planned to identify the precise coal subcrop location. The coal quality in the permit area and actual local lateral extent of the coals will be revealed through a comprehensive core drilling program. Exploration activities have also uncovered an ironstone deposit, which Tri-Star is aggressively exploring. The ironstone formation will be the focus of a drilling program, to evaluate the continuity of the iron (Fe%) content, as well as the lateral extent and quality of the deposit.

The exploration program for this year includes further exploration efforts by drilling areas of interest for iron outcrop based on the results of the seismic program. Further data review and interpretation are required together with more information on the coal's characteristics and economic potential. Encouraging coal results will necessitate the completion of preliminary mine and market investigations.

HISTORY OF TENURES

The tenures subject to this report were granted to Tri-Star Energy Company as the sole titleholder and operator as follows:-

Tenure	Grant Date
EL 24899	10 August 2006
EL 24900	10 August 2006
EL 24901	10 August 2006
EL 24902	10 August 2006
EL 24903	10 August 2006

EL 24904	8 September 2006
EL 24913	10 August 2006
EL 29414	8 September 2006
EL 26045	3 December 2007
EL 27219	4 November 2009
EL 27347	4 November 2009
EL 27348	4 November 2009

On 30 June 2010, Tri-Star Energy nominated Tri-Star Coal Operations LLC as the operator of these tenures.

The permit area of these tenures is comprised of 4,431 blocks, as shown in Figure 4, located in southern Northern Territory around Finke and Charlotte Waters. The permit area is located over surface lands that have not extinguished native title and which are currently comprised primarily of Perpetual Pastoral Leases, as shown in Figure 5.

Tri-Star is currently mid-way through its next seismic acquisition program, with preliminary results confirming the need for further field activities and investigation.

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 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.

PERMIT GEOLOGY

The tenures are geologically located over the northwestern part of the Pedirka Basin where the section thins to the northwest, updip from the Eringa Trough depocentre. The zero edge of the Pedirka Basin is located through the centre of the tenure in a northeast-southwest direction and evidence of this is provided by units such as the Crown Point Formation cropping out along the basin margin in this area.

EXPLORATION OBJECTIVIES AND RATIONALE FOR THE CURRENT TERM

The product targets of the exploration program are the coal measures and ironstone that occur in the upper portion of the Purni Formation. Tri-Star currently holds a total of 12 granted Exploration Licences for mineral exploration in the Northern Territory. These tenures cover a large portion of the Pedirka Basin, favouring the central and western parts of the basin. Therefore, Tri-Star is currently conducting exploration for the target coals from a basin-wide perspective. The objective of Tri-Star's exploration program on these tenures for the current year is to identify a deposit of Permian age coal from the Pedirka Basin that can be economically extracted and sold at a profit.

EXPLORATION ACTIVITIES DURING THE REPORTING PERIOD

Background

Tri-Star has studied a wide area of the western and northern portion of the Pedirka Basin to establish the geological framework of the Purni Formation coals and ironstones. During the reporting period Tri-Star carried out a 526.70 kilometre seismic acquisition program, processed the results from the seismic program and continued its extensive geological mapping of the project area. Tri-Star further conducted a cultural heritage and sacred site investigation, liaised with landowners and amended its Mining Management Plan and Risk Management Plan. During this period, Tri-Star furthered its project assessment through procuring a conceptual development plan and conducting a review of drilling procedures. Tri-Star also undertook project management activities in preparation for its January seismic acquisition program.

2011/2012 Seismic Acquisition Program

In August 2011 Tri-Star undertook its further seismic acquisition program following on from its April 2011 program. This program was designed to determine the location of the Permian coal within the Purni Formation as they approach the basin edge. The program consisted of 133.35 kilometres of seismic line, designated PB-1101 and PB-1102, as shown in Figure 6. Tri-Star continued its extensive seismic program between January and March 2012 which consisted of 393.35 kilometres of seismic line, designated PB-1103, PB-1104, PB-1105, PB-1106, PB-1107 and PB-1108, as shown in Figure 7.

The 2011 seismic acquisition work was completed by Terrex Seismic Pty Ltd. Tri-Star also contracted Trafalgar Exploration Services Inc. ("Trafalgar") to provide infield processing services for this program. Mr. Carl Goldwater of Petro-Ventures Inc. in Houston, Tri-Star's geophysical consultant, was engaged to supervise processing techniques and results.

The seismic line for the August 2011 program was located on lines PB-1101 and PB-1102 and ran SE/NW from Lower Cretaceous Rumbalara shale outcrops to Devonian Horseshoe Bend shale outcrops. Traffic Werx NT, sub-contractors of Terrex, were engaged to provide a Traffic Management Plan and traffic management services for the duration of the program. Approval was sought and obtained from the Department of Construction and Infrastructure to conduct activities along Finke Road, which has a very low traffic volume. The seismic activities were conducted in 5 kilometre sections, with advanced warning signage installed whilst works were in place. A traffic

controller was also positioned onsite to slow traffic and to ensure that any traffic followed the right detour path around activities.

After processing by Trafalgar, the seismic data showed strong reflectors coming updip as they trend west northwest towards the Basin edge. The reflectors represent coal, as coal is a low density formation that readily appears on seismic. The new seismic can be tied to previous lines that cover the deeper Purni coals, in which drilling identified more than 100 meters of net coal thickness. The reflectors seen in the western Pedirka are temporally contemporaneous to coal reflectors deeper in the Basin. These new results were greatly encouraging, as it validated Tri-Star's exploration rationale for applying for the acreage covered by EL 24899, 24900, 24901, 24902, 24903, 24904, 24913, 24914, 26045, 27219, 27347 and 27348. The results proved that the Purni coals are present on the west side of the Basin, and not confined to the eastern half. The findings also showed that the coals are shallow and continuous, and are therefore immediately prospective for further exploration and development.

In January 2012 Tri-Star began an expanded seismic program to expand coverage and gather more data on the coals as they come updip near the Pedirka Basin's NW edge. The January – March 2012 program gathered 393.35 kilometres of seismic on line PB-1103, PB-1104, PB-1105, PB-1106, PB-1107, and PB-1108. The 2012 seismic acquisition work was completed by Terrex Seismic Pty Ltd. Wolf Creek Geophysical consulting was engaged to provide onsite quality control. Harden Processing of Dallas, Texas provided processing services for the data gathered, and Mr. Carl Goldwater of Petro-Ventures Inc. in Houston, Tri-Star's geophysical consultant, was engaged to supervise processing techniques and results.

The 2012 seismic data continued to show strong reflectors coming updip as they trend west northwest towards the Basin edge. With the additional seismic, Tri-Star confirmed the presence of coal reflectors trending updip as they approach the western basin edge.

In April 2012 Tri-Star commenced a 9 chip-hole drilling program to locate ironstone deposits near the Rumbalara shale outcrops in table mountains north of Finke. After drilling and logging locations IN01-IN09, Tri-Star did not locate any subsurface ironstone deposits. Tri-Star is now of the view that the ironstones are like in outcrop only, and are the result of weathered claystones accreting limonite in fractures.

In May 2012 Tri-Star commenced a coal chipping program on seismic line PB-1108. This program was designed to identify the depths and thicknesses of the coals imaged on the seismic. The program encountered a ~20 metre thick coal seam at about 200 metres depth. Although Tri-Star hopes to locate seams of similar thickness at shallower depths in future drilling programs, the results are very encouraging and validate Tri-Star's exploration rationale.

Based on these encouraging preliminary findings, Tri-Star is aggressively identifying the most prospective areas by expanding the exploration budget and scope of activities, which will cover the entirety of the western half of the Pedirka Basin.

Copies of the SEG-D format data, CDP Gathers with NMO Data and Final Report and Processing Support documents for PB04 have been forwarded by post to the Northern Territory Geological Survey, in the form of 3 discs. Available well logs from the reporting period will also be provided.

Drilling

During the reporting period Tri-Star drilled 26 holes, totalling 5420 metres, in the various tenements by Hydraulic Rotary (HRD) and Diamond Core (DCD) methods, summarised in Table 1, below. 10 Holes were to determine presence of iron, 16 for coal.

Testing of the iron holes did not indicate any significant iron presence. Some coal holes had intersections with up to 50m of coal shallower than 350m depth. All of the significant intersections are summarised in Table 2.

A map of the drill sites showing drill collars is located at Figure 8.

Table 1. Drilling summary

Hole type	Hole Numbers	No of Holes	Total Metres
HRD	PBIN-01 PBIN-05 PBIN-06 PBIN-07 PBIN-09 PBIN-08 PBIN-03 PBIN-04 PBCN-12 PBCN-12A PBCN-14 PBCN-14A PBCN-13 PBIN-11 PBCN-22 PBCN-1108_14160	23	4843

	PBCN-1108_14370 PBCN-1108_14580 PBCN-1108_14370R PBCN-1108_15100 PBCN-1108_15250 PBCN-1108_15400 PBCN-1107_5530		
DCD	PBIN-02	1	69
HRD + DCD	PBCN-1108_15250a PBCN-1108_15250b	2	508
Grand Total	**-**	**26**	**5420**

Table 2. Significant intersections summary

Sample	**Location**			**Significant Intersection**	
Hole ID	**Zone**	**MGA East (m)**	**MGA North (m)**	**Total Depth (m)**	**Intersections (depth in metres)**
PBIN-02	53	447849	7198232	69.0	No significant iron found
PBIN-01	53	453582	7187740	120.0	No significant iron found
PBIN-05	53	441535	7196288	80.0	No significant iron found
PBIN-06	53	443888	7185895	120.0	No significant iron found
PBIN-07	53	463778	7198706	126.0	No significant iron found
PBIN-09	53	468399	7222650	48.0	No significant iron found
PBIN-08	53	465918	7210564	144.0	No significant iron found
PBIN-03	53	442489	7172577	132.0	No significant iron found
PBIN-04	53	432760	7180051	102.0	No significant iron found
PBCN-12	53	541089	7259969	226.0	No significant coal found
PBCN-12A	53	541089	7259969	222.0	No significant coal found
PBCN-14	53	545324	7247308	186.0	No data (See twin-hole PBCN-14A and Tri-Star's letter to the Department of 15 November 2012)
PBCN-14A	53	545324	7247308	318.0	<u>Coal intersections:</u> 179.81 - 188.25 219.33 - 226.10 (0.4m siltstone section) 228.85 - 229.85 243.35 - 244.67 279.21 - 284.18 285.76 - 287.79

PBCN-13	53	542521	7255207	276.0	Coal intersections: 133.33 - 136.45 153.26 - 154.50 162.17 - 162.85 176.75 -177.60
PBIN-11	53	541791	7257070	220.0	No significant iron found
PBCN-22	53	539972	7263288	160.0	Coal intersection: 71.50 – 82.00
PBCN-1108_14160	53	543095	7253203	300.0	Coal intersections: 149.90 - 152.25 162.45 - 166.79 189.16 - 190.75 194.97 - 196.90 210.21 - 211.39 (0.45m carbonaceous siltstone section) 231.23 - 231.80
PBCN-1108_14370	53	543827	7251226	120.0	No significant coal found
PBCN-1108_14580	53	544643	7249233	300.0	Coal intersections: 166.39 - 170.00 (0.36m carbonaceous siltstone section) 171.95 - 172.60 202.64 - 203.59 206.54 - 208.62 (0.23m & 0.49m siltstone sections) 212.80 - 215.25 (0.09m carbonaceous siltstone section) 237.95 - 241.15 (0.45m & 0.5m siltstone sections) 244.25 - 244.58 251.92 - 252.22 259.80 - 260.25
PBCN-1108_14370R	53	543827	7251226	300.0	Coal intersections: 171.75 - 172.97 174.73 - 177.50 178.00 - 180.85 (0.19m carbonaceous siltstone section) 197.19 - 199.17 (0.16m carbonaceous siltstone section) 214.15 - 214.79
PBCN-1108_15100	53	546423	7244422	300.0	Coal intersections: 199.45 - 211.60 235.30 - 245.65 (carbonaceous siltstone & siltstone bands throughout) 254.86 - 262.63 269.85 - 270.61 (0.17m carbonaceous siltstone section) 283.65 - 285.62

PBCN-1108_15250	53	546953	7243018	350.0	Coal intersections: 208.00 – 230.50 233.00 – 234.00 265.00 – 289.00 302.00 – 304.00 329.00 – 330.00
PBCN_1108-15400	53	547529	7241634	345.0	Coal intersections: 235.50 – 246.00 (0.60m carbonaceous siltstone section) 250.00 – 264.50 306.50 – 328.50 (1.50m sandstone section)
PBCN-1107_5530	53	527950	7224384	348.0	Coal intersections: 205.15 - 209.50 212.15 - 212.50 248.40 - 249.55 250.15 - 250.80 260.17 - 261.75 (0.57m sandstone section) 292.15 - 301.10 (1.4m sandstone section) 328.10 - 331.17
PBCN-1108_15250a	53	546953	7243018	180.0	No significant coal found
PBCN-1108_15250b	53	546953	7243018	328.0	Coal intersections: 208.49 - 233.10 (0.07m, 0.17m, 0.24m, 0.05m, 0.04m, 0.15m, 0.02m carbonaceous mud sections, siltstone bands throughout from 226.50 - 227.07 and 228.90 – 229.39) 266.50 - 271.05 (carbonaceous siltstone bands throughout from 269.12 - 269.23m and 270.05 - 270.97) 271.95 - 285.76 (0.03m pyrite from 284.44 - 284.47 and 285.07 - 285.10 and carbonaceous mud & carbonaceous siltstone bands from 285.21 - 285.33) 287.45 - 287.97 (0.02m pyrite)

Landowner Liaison

Prior to the commencement of the August 2011 and January 2012 seismic programs, Tri-Star notified relevant landowners and conducted follow up meetings onsite with landowners. Tri-Star continues to communicate with landowners on a regular basis and provide them with program details relevant to their properties, in an effort to maintain positive relationships with all landowners.

Cultural Heritage/Sacred Site Investigation

During the term, Tri-Star conducted a search of the Aboriginal Areas Protection Authority (AAPA) to determine the location of any registered sacred sites over the 12 exploration licences held by Tri-Star. Tri-Star produced a map highlighting the location of registered sacred sites and restricted works areas within the project area.

During the current term, in preparation for the seismic program which commenced on 22 August 2011, Tri-Star engaged Tim Hill Heritage Management to provide cultural heritage archaeological services. Tri-Star produced and provided Tim Hill Heritage Management with maps of the area, maps of the proposed seismic lines and maps of the AAPA records overlaying our tenures. Mr. Tim Hill, the principal of Tim Hill Heritage Management, attended on site with our surveying and clearing crew for the program and is currently still onsite with the seismic acquisition crew to provide guidance when necessary. Mr. Hill's role has been primarily to survey the project area, identify any significant archaeological sites and advise Tri-Star accordingly. A copy of Mr. Hill's report will be provided to the Department with the next Annual Report.

Project Assessment

Conceptual Development Plan

During the current term Tri-Star engaged the services of Mining Associates Pty Ltd ("Mining Associates") to produce and develop a conceptual development plan for the project. This plan includes the development of a timeline for the project, details on the required infrastructure and resource tenement requirements.

On 5 April 2011, Mining Associates produced a preliminary report titled "*Work Recommendations and Proposed Drilling, Pedirka Basin Project, Northern Territory".* A copy of this Report was attached as to last year's report. Mining Associates recommends that due to the lack of infrastructure surrounding the project area, particularly energy for the beneficiation process, exploration for iron ore should go "hand-in-hand" with coal exploration. It is the view of Mining Associates that a discovery of economic or even sub-economic coal measures would "provide a power source for the development and beneficiation of the potential iron ore deposit", within the same regional tenements.

Mining Associates recommends in this report that Tri-Star's ongoing exploration program should consist of:-

- A shallow drilling program;

- Detailed sampling and geological mapping of the ironstone outcropping areas; and

- A metallurgical study of surface and subsurface ironstone material to determine beneficiation requirements.

After Tri-Star's further seismic acquisition and drilling programs have been completed later this year, Tri-Star hopes to engage CSIRO to prepare a report with an engineering plan for the project. The Mining Associates report will be updated in the upcoming term to reflect exploration progress and results to date.

Review of Drilling Procedures

Tri-Star has commenced development of a drilling program, aimed at identifying the parameters and qualities of both the coal and ironstone deposits. Tri-Star has engaged Salva Resources Pty Ltd

("Salva") to review and develop the proposed drillhole spacing patterns, to develop equipment specifications and to make any required amendments to Tri-Star's existing field operating procedures. The view of drilling procedures is ongoing and will be finalised prior to the commencement of Tri-Star's drilling program later this year.

Mining Management Plan & Risk Management Plan

As Tri-Star Energy Company is moving towards carrying out its extended revised drilling program to test both the iron and coal deposits, it was necessary for Tri-Star Energy Company to amend its Mining Management Plan dated 13 October 2010 and approved by the Department of Regional Development. Tri-Star has recently lodged an amended Mining Management Plan with the department to include its extended drilling program and extended seismic activities. An amended Risk Management Plan will also been lodged with NT WorkSafe to take into account the change in activities.

ACTIVITIES ON THE SUBJECT TENURES FOR THE NEXT 12 MONTH PERIOD

Seismic Acquisition Program

On 22 August 2011 Tri-Star Energy Company continued its seismic acquisition program over the project area. This program consists of two seismic lines, as shown in Figure 7, totalling approximately 133.35 kilometres and is still in progress. Tri-Star has contracted Terrex Seismic Pty Ltd ("Terrex") to undertake this seismic acquisition program and Trafalgar Exploration Services Inc. ("Trafalgar") to carry out infield processing for the program. Mr. Carl Goldwater of Petro-Ventures Inc. in Houston has further been engaged to provide geophysical consultancy services and assistance with processing and reprocessing of data and results.

Tri-Star's seismic acquisition programs have been designed to determine the location of the Purni Formation subcrop edge within the tenures and to identify the depth at which the coal seams terminate and the iron deposit starts. Results to date have been positive, and no additional seismic is planned for the upcoming term.

Iron & Coal Drilling Program

Tri-Star Energy Company has developed a drilling program aimed at identifying the parameters and qualities of both the coal and ironstone deposits. Tri-Star has designed an initial 25 core hole drilling program for the Pedirka Basin Project. All planned locations are located on existing seismic lines gathered in the prior period, and have been cleared for Cultural Heritage and environmentally sensitive areas. The precise location of these core holes may change, subject to the subsurface conditions encountered, topography of the surface and safety and logistical considerations. Tri-Star Energy Company has selected a drilling contractor, Gorey & Cole Drilling, for its drilling program, scheduled to commence later this year. Tri-Star is in the process of finalising contracting arrangements so that a commencement date can be scheduled as soon as possible, subject to contractor and camp availability.

Geological Mapping & Sampling

Tri-Star Energy Company will carry out further geological mapping and drilling over the next twelve (12) months. Tri-Star Energy Company will gather additional subsurface samples within its tenures for testing where necessary. Further data review and interpretation will be required, together with more information on both the coal and ironstone deposit characteristics and economic potential. In particular, procedures will be studied for the beneficiation of the iron ore using the coal resources. Encouraging iron and coal results will necessitate the completion of preliminary mine and market investigations.

REPORTS AND APPLICATIONS LODGED DURING THE REPORTING PERIOD

Since the Combined Annual Technical Report, lodged in September 2011 Tri-Star lodged Applications for Renewal in August 2012 for the following tenures:-

- EL 24899
- EL 24900
- EL 24901
- EL 24902
- EL 24903
- EL 24904
- EL 24913
- EL 24914

As part of these renewals, the Department requested that Tri-Star split the tenures in half to meet the current size limits for tenures granted under the *Mineral Titles Act*. Tri-Star is awaiting confirmation of the renewals and splits of these tenures and anticipates that an additional eight (8) tenures will be granted shortly representing that part of the divided tenures.

Tri-Star has submitted Expenditure Reports for the Project Area on 8 October 2012 following confirmation from the Department regarding the grant of Expenditure Project Area on 20 September 2012.

Tri-Star believes that no additional reports were required to be lodged during the reporting period.

SUMMARY

Tri-Star Energy Company has made great progress towards locating the coal subcrop of the Permian Purni Formation coals, as well as identifying their depth, thickness, lateral extent and quality through field operations and office-based studies during the reporting period.

Tri-Star's field operations during the term consisted of a 133.35 km seismic program in August 2011 and a 393.35 km program in January 2012. Tri-Star drilled 9 ironstone holes, but encountered no subsurface ironstone deposits. It is likely that the ironstones are confined to outcrop zones. Further fieldwork and geological mapping will explore the extent of the ironstone deposits. Tri-Star also drilled 12 coal coreholes in the period on PB-1108 and PB-1107. These holes encountered significant coal seams of greater than 15 metre thicknesses. Tri-Star further carried out a number of office-based studies including the processing of seismic data obtained from field operations, geological field mapping, cultural heritage and sacred site investigations and landowner liaison. Tri-Star has also continued its project assessment through the procurement of a conceptual development plan and the review of its drilling procedures, with the assistance of third party contractors. Tri-Star has amended its Mining Management Plan and Risk Management Plan, to take into consideration an extension of planned activities over the next 12 month period. In addition, Tri-Star has finalised project management activities for its August 2011 seismic acquisition program, which commenced on 22 August 2011 and continues to date.

Over the next 12 month period, Tri-Star intends to commence a 25 coal core hole drilling program. The goal is to locate seams of similar thicknesses of those encountered to date, but at shallower depths more suitable for mining. Tri-Star further intends to continue its extensive geological mapping and undertake sampling over the project area when required.

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FIGURE 1

LOCATION MAP

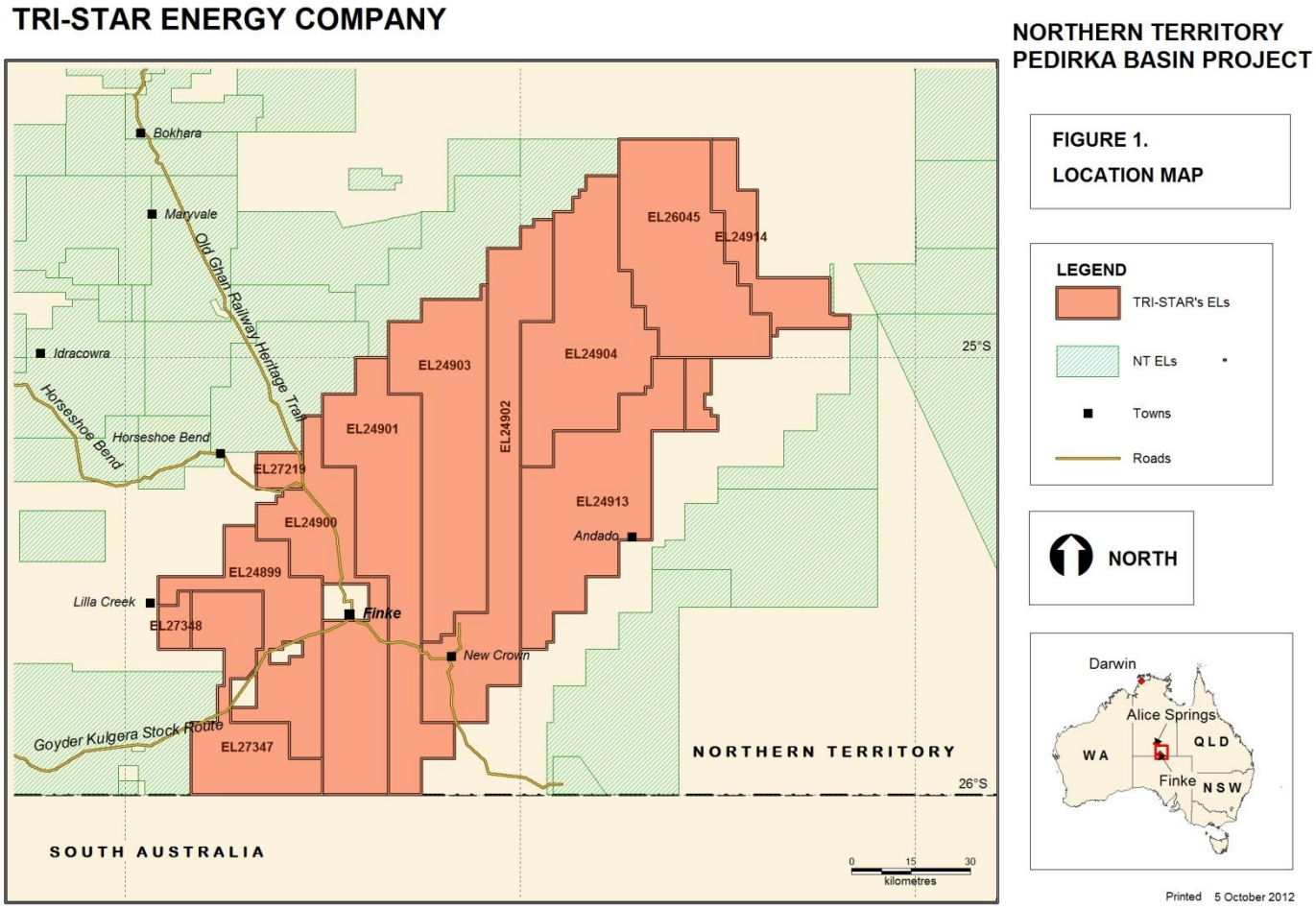

FIGURE 2

GEOLOGICAL REGION MAP

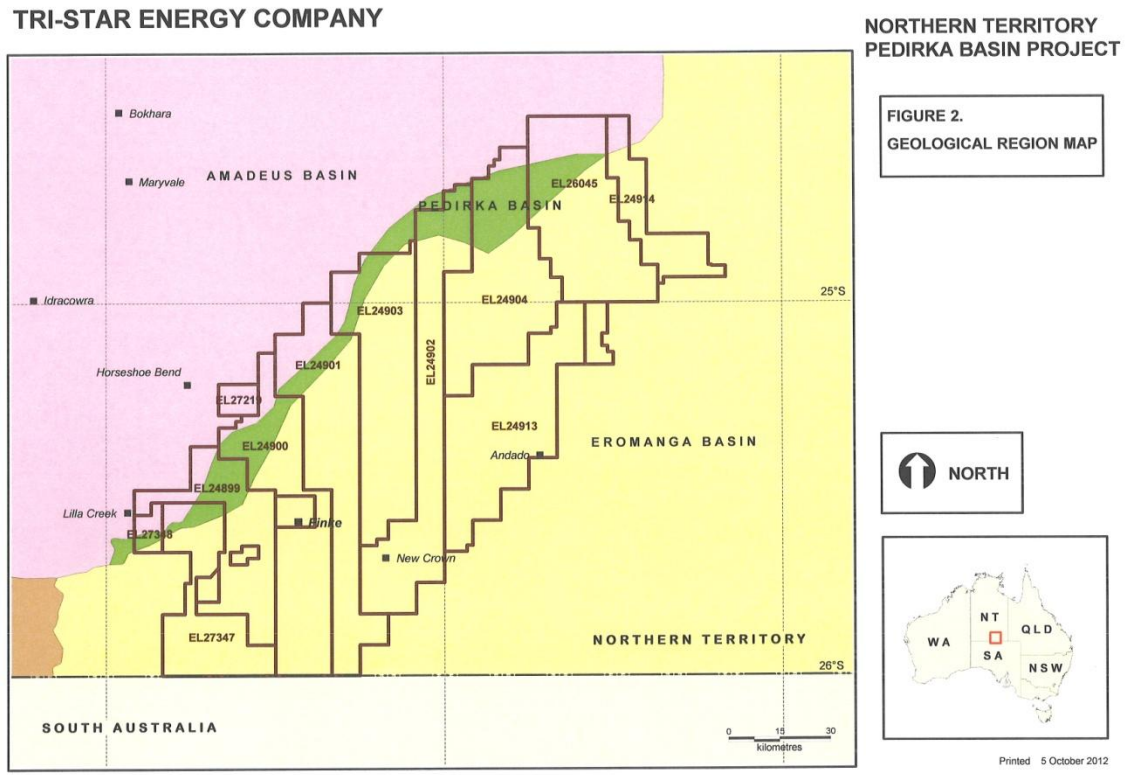

FIGURE 3

TOPOGRAPHIC MAP

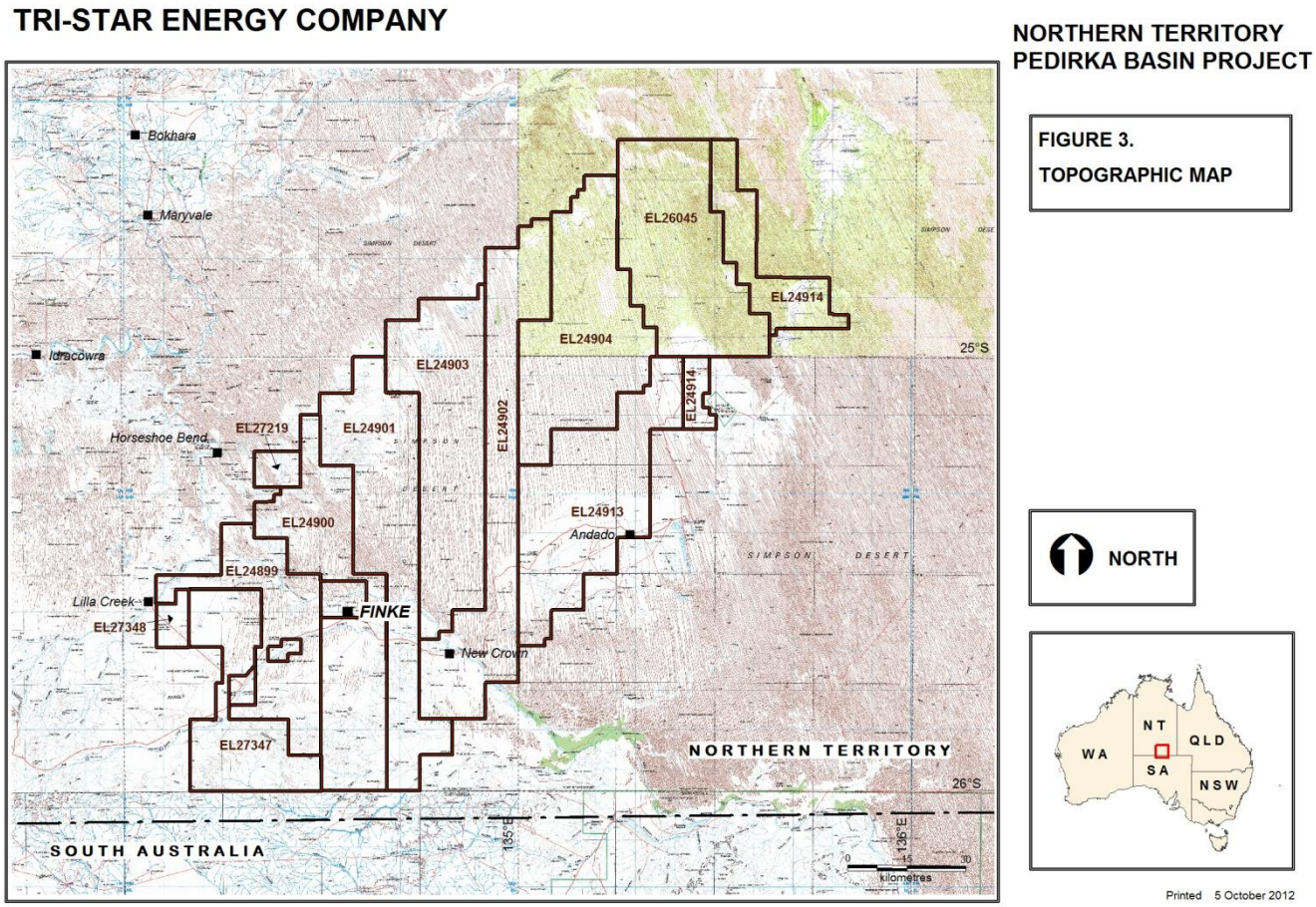

FIGURE 4

BLOCK MAP

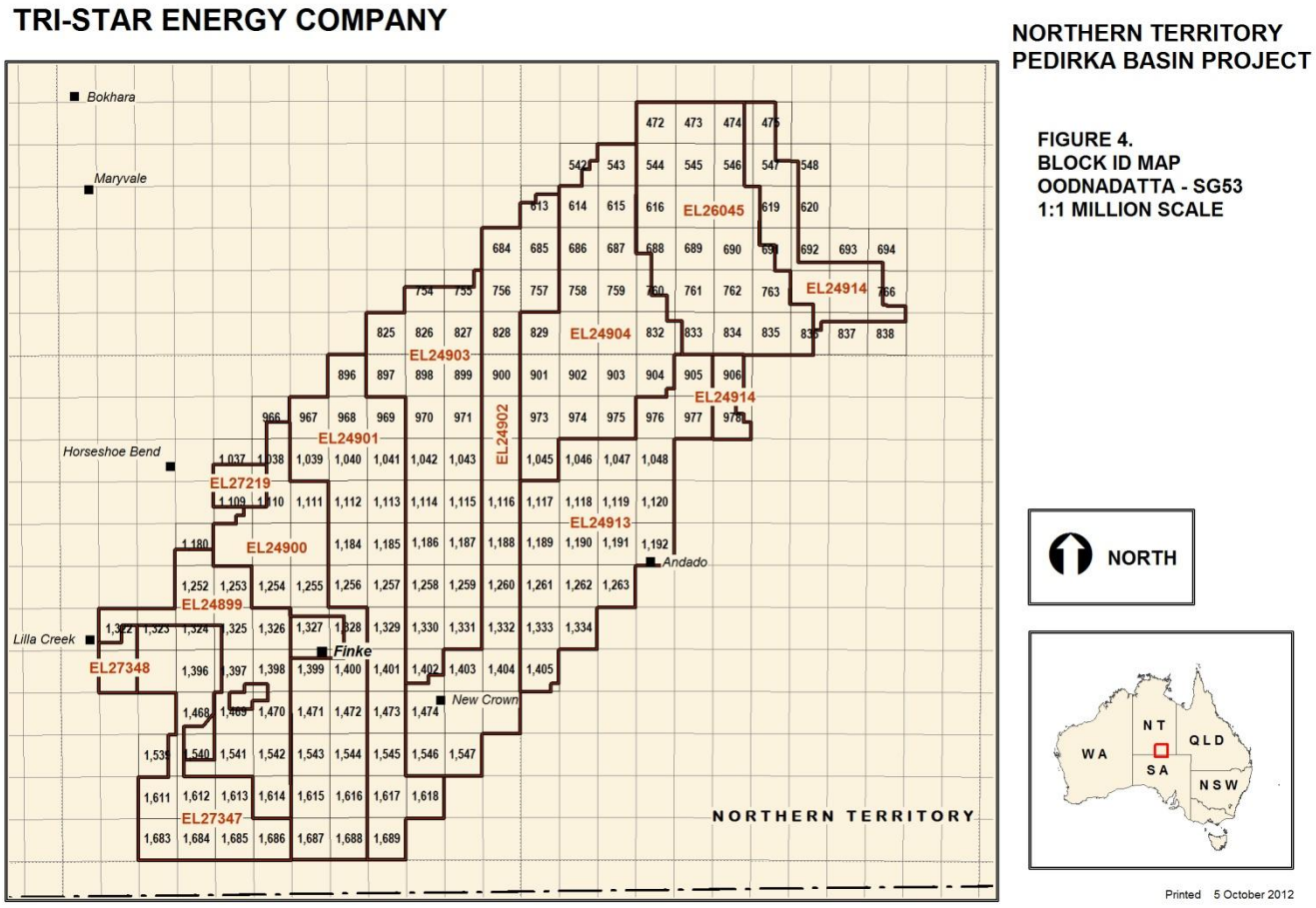

FIGURE 5

CADASTRAL MAP

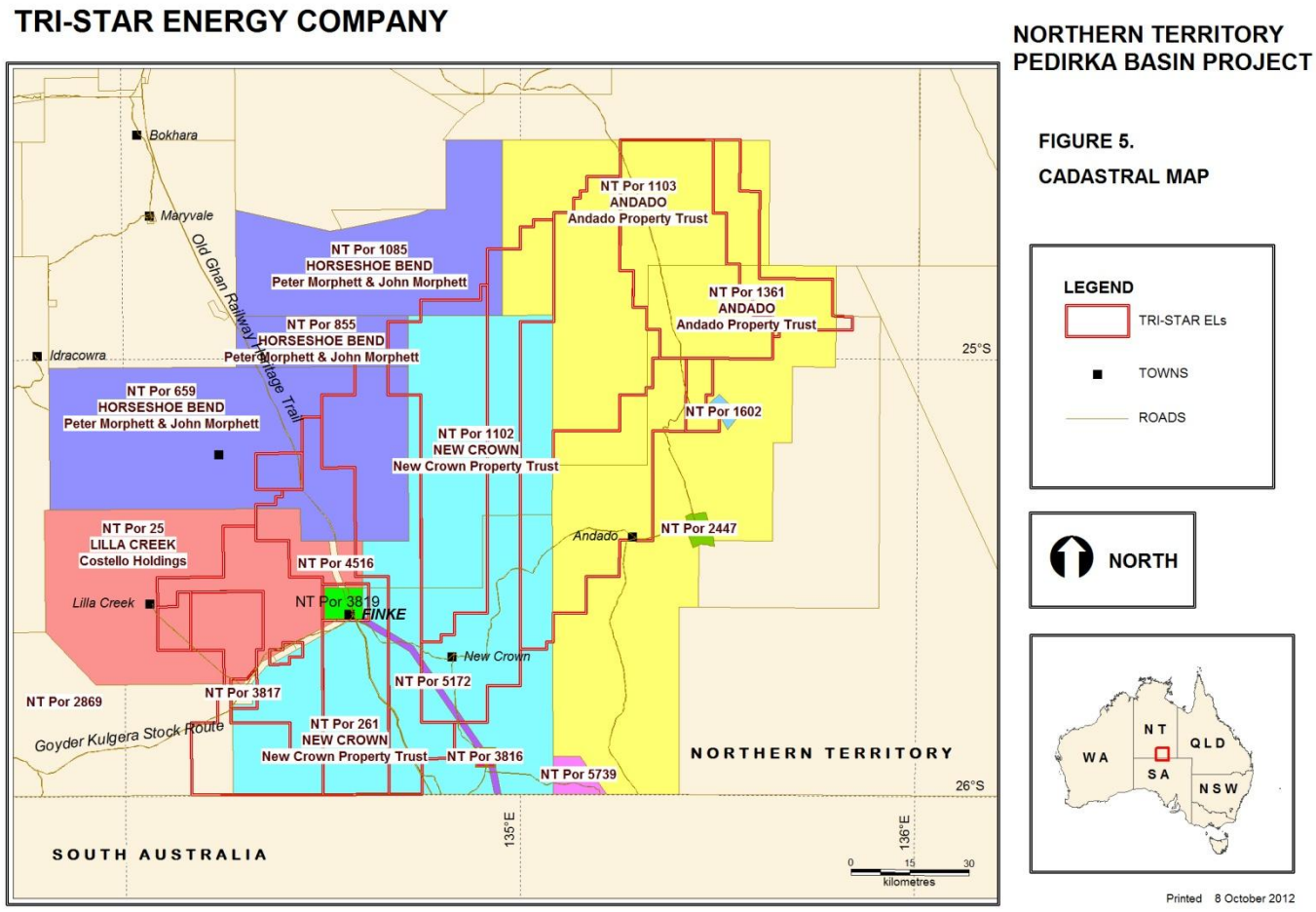

FIGURE 6

SEISMIC LINE MAP – AUGUST 2011 PROGRAM

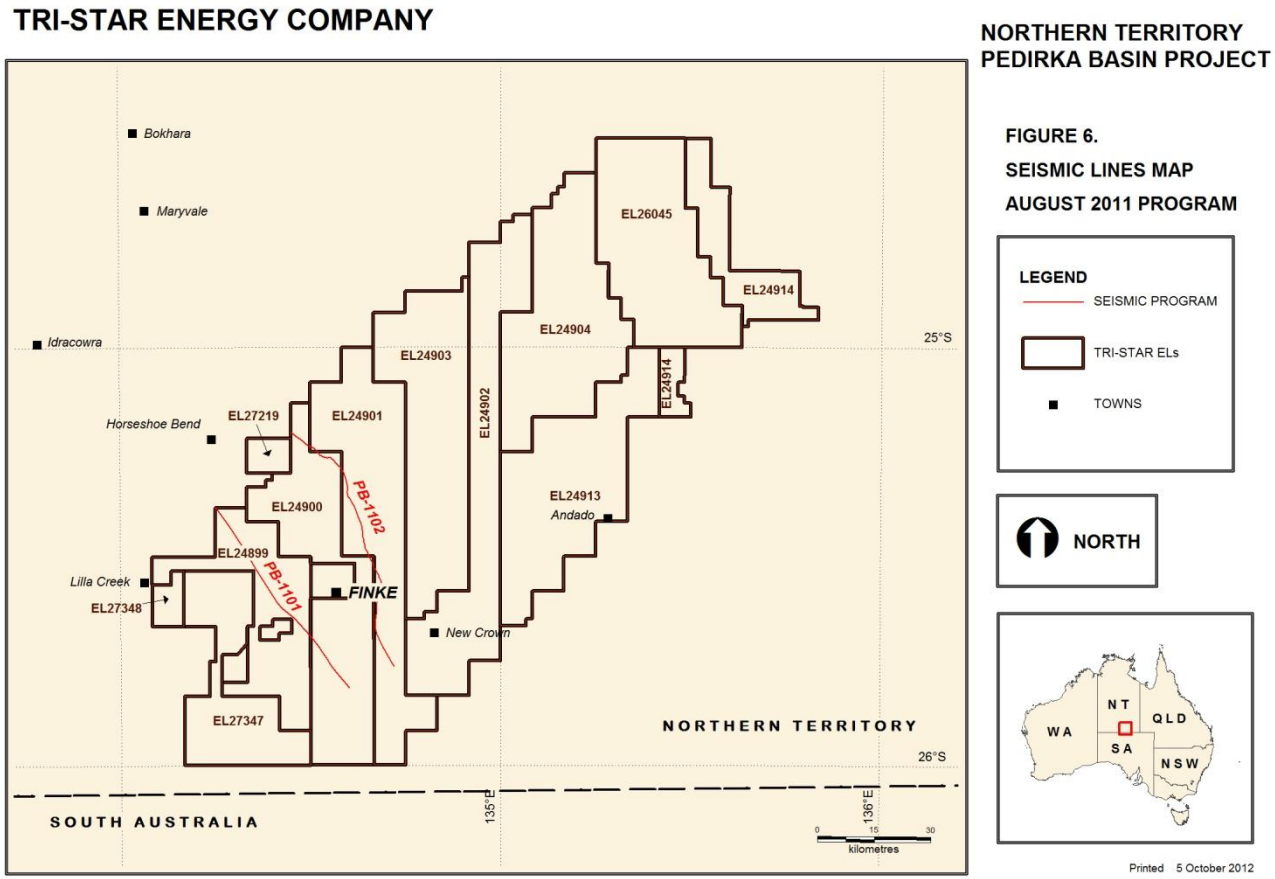

FIGURE 7

SEISMIC LINES MAP – JANUARY 2012 PROGRAM

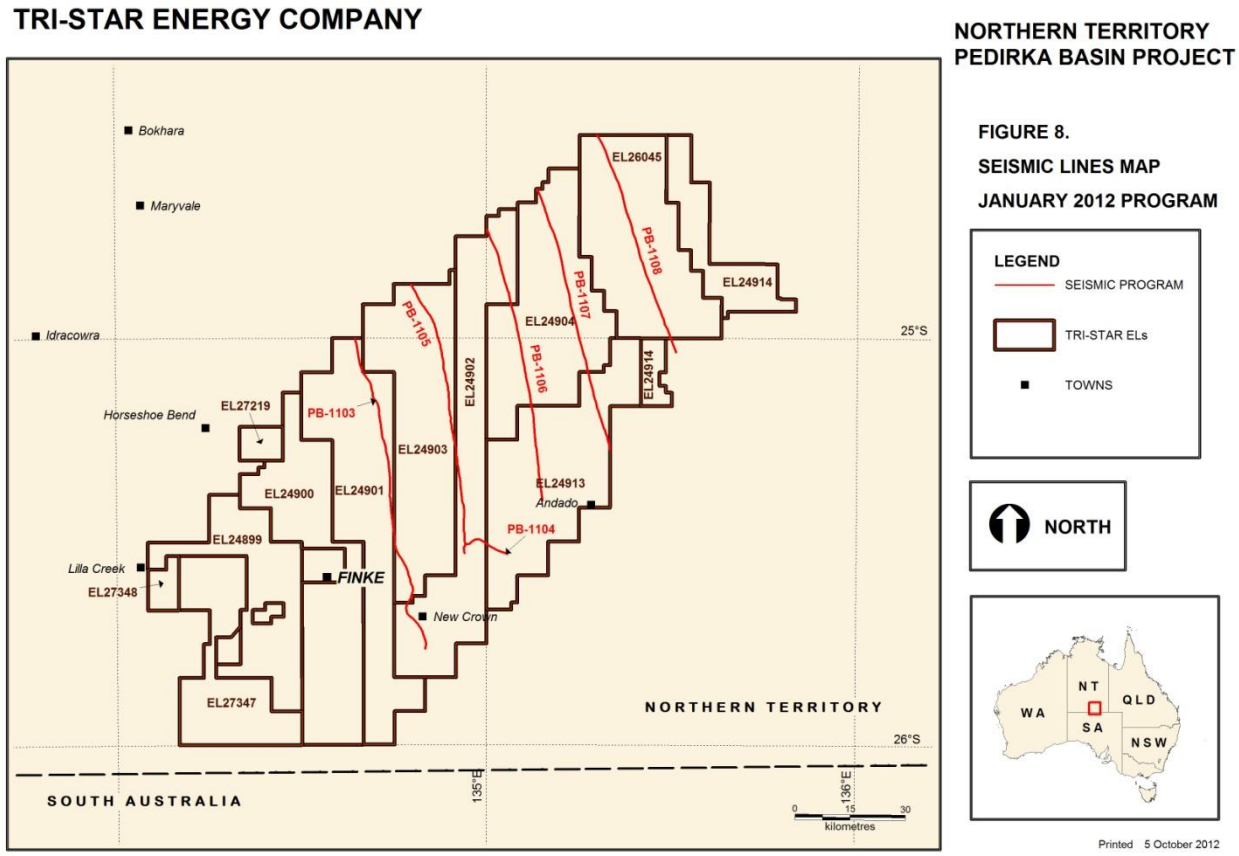

FIGURE 8

DRILL SITE MAP