



TRI-STAR ENERGY COMPANY

Annual Report

Year 1

14 May 2008 - 13 May 2009

GEL310 – Strzelecki Track Project

10 July 2009

Tri-Star Energy Company
The Riverside Centre
Level 35, 123 Eagle Street
Brisbane, Q. 4000

GEL 310 – Strzelecki Track Project
Annual Report Year 1
14 May 2008 – 13 May 2009

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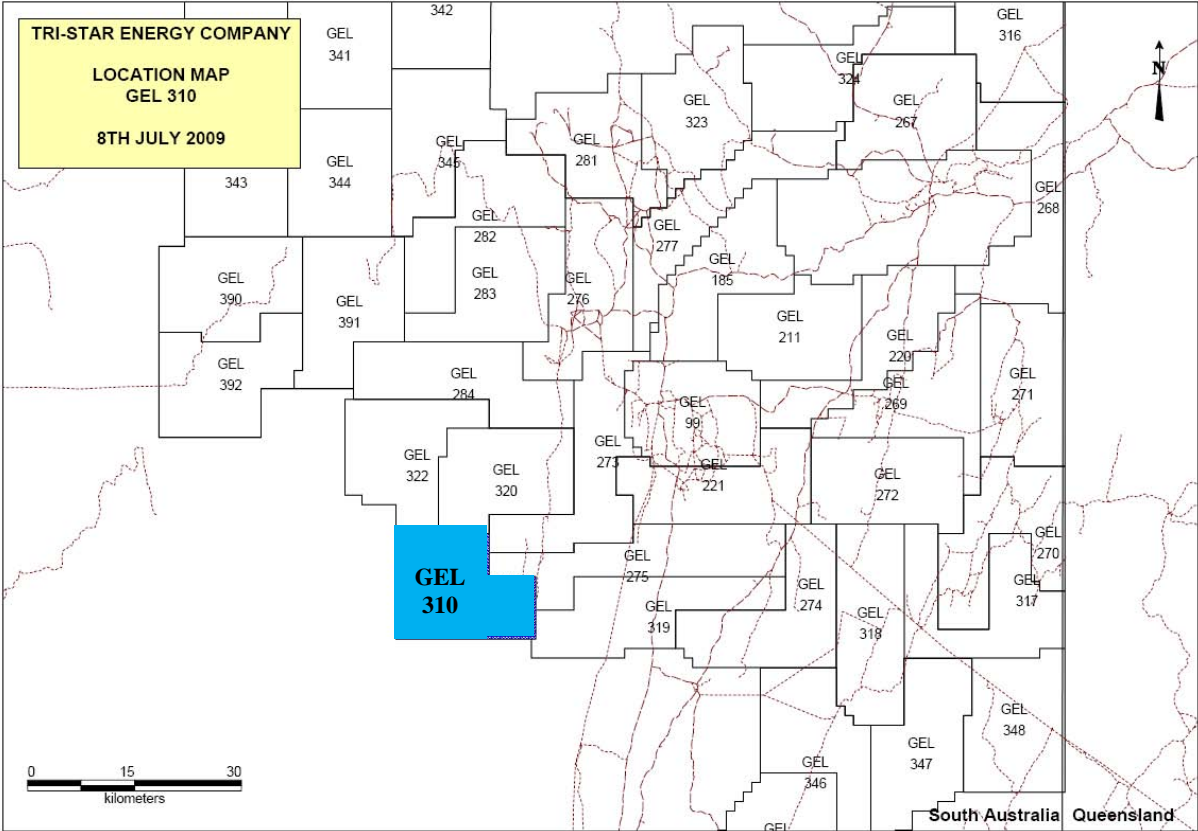
Introduction

Gel 310 was granted to Tri-Star Energy Company; ARBN 089 539 695, on 14 May, 2008, for a period of five (5) years. The licence area is located in north east South Australia, bounded by the following coordinates and has an approximate area of 473 square kilometres:-

L Latitude	Longitude
28 20	139 52
28 24 30	139 52
28 24 30	139 57 30
28 31	139 57 30
28 31	139 41
28 20	139 41

GEL 310 is located in Map 100 000: Strzelecki 6480 I & 6841 II.

This report describes the work performed during year one of the licence (14 May 2008 to 13 May 2009), and planned activity during year two, in accordance with Regulation 33 of the *Petroleum Act 2000*.



1 Work Requirements

The work program related to GEL 310 as set out in accordance with the conditions of the licence, are as follows:-

Licence Year	Minimum Work Program
Year 1	<ul style="list-style-type: none">• Geological and geophysical studies.
Year 2	<ul style="list-style-type: none">• Geological and geophysical studies.
Year 3	<ul style="list-style-type: none">• Geological and geophysical studies.
Year 4	<ul style="list-style-type: none">• Geological and geophysical studies; and• Drill and complete one injection well to a depth of 2,550 metres.
Year 5	<ul style="list-style-type: none">• Geological and geophysical studies; and• Conduct fracture stimulation tests.

2 Work Conducted

Office-Based Work

During the reporting period, Tri-Star Energy Company collected and analysed available geological and geophysical data. Tri-Star has also engaged in mapping available data and has initiated its research studies in available techniques used to produce energy using Hot Dry Rock (HDR) and hydrothermal energy sources.

GEL 310 is located in the north of the Strzelecki Regional Reserve, South Australia and is covered by the Great Artesian, Eromanga, Lake Eyre, Warburton and Cooper Basin. This tenure also falls within the Daralingie Trough. Please see attached Figure 1 Location Map and Figure 2 Geological Region Map. The tenure is covered by the Palaeozoic and Tertiary sediments with the South Australian Heat Flow Anomaly (SAHFA) occurring throughout the tenure.

During the first term of this tenure, Tri-Star commenced mapping available data into its mapping software, SMT and MapInfo. Tri-Star has finalised its initial assessments of the area which included identifying all relevant parties in relation to the tenure, such as landowners and Native Title Claimants. Please refer to Figure 3 Cadastral Map and Figure 4 Native Title Claim Map respectively.

GEL 310 is based in a region of interpreted high crustal temperature at depths over 3km however, as part of Tri-Star's future exploration activities, Tri-Star must establish whether the tenure area also contains both rocks that will generate heat and cover rocks to insulate and trap the produced heat over geological time. Tri-Star has

studied a number of Stratigraphic Logs from previous exploration wells drilled within and around the tenure area. Of the ten previous exploration wells drilled within the tenure area, Tri-Star has studied six (6) of these wells in detail, namely, Boxwood 2, Manooka 1, Pando 1, Pando 2, Pando North 1 & Pandruannie 1.

Tri-Star has also examined recent reports of wells surrounding the tenure area which indicate that water flowing through the hot granites, between the injection and production wells, is likely to travel horizontally as it gathers the heat trapped in the granites. These reports went on to conclude that this is an ideal situation for generating an optimal underground heat exchange reservoir to extract the heat from the rocks. Tri-Star's office-based studies during this first year indicate that GEL 310 contains granites buried by sedimentary cover, leading Tri-Star to believe that prima facie, this tenure can be of great potential in HDR geothermal exploration and production.

Field Work

No drilling or other field work was conducted during this first year of work.

3 Proposed Operations for Year Two

During the second term, Tri-Star will compare heat values from wells in other parts of the Great Artesian Basin and will begin its critical investigation in the methodology related to producing heated aqueous fluids to the surface through a single well bore, rather than drilling two holes and circulating down one hole and up the other. Tri-Star will also conduct office-based studies of the Mid-Carboniferous granite and examine further previous exploration Well Completion Reports and Stratigraphic Logs.

Tri-Star's future exploration programme will also involve further research of the sedimentary cover contained in and around GEL 310, continued review and testing of available geological, geophysical and environmental data pertaining to the area, as well as begin a feasibility study and conduct further mapping of the available data.

4 Compliance Issues

Tri-Star Energy Company did not perform any activities that fall within the purview of Regulation 33. Given that no regulated activities were undertaken in the licence year, many of the regulations are inapplicable at this stage, and no instances of non-compliance have been noted. No reportable incident occurred and no threats have been identified during licence year one.

Tri-Star Energy Company recognises the importance of achieving regulatory compliance and is committed to achieving best practice in its management strategies, work practices, and procedures, in an environmentally and socially responsible manner. Tri-Star Energy Company is in the process of developing a management system that will ensure this commitment is met.

5 Expenditure Statement

Please refer to Appendix 1 for the expenditure statement for the current reporting period 14 May 2008 - 13 May 2009.

Commercial in Confidence.

FIGURE 1

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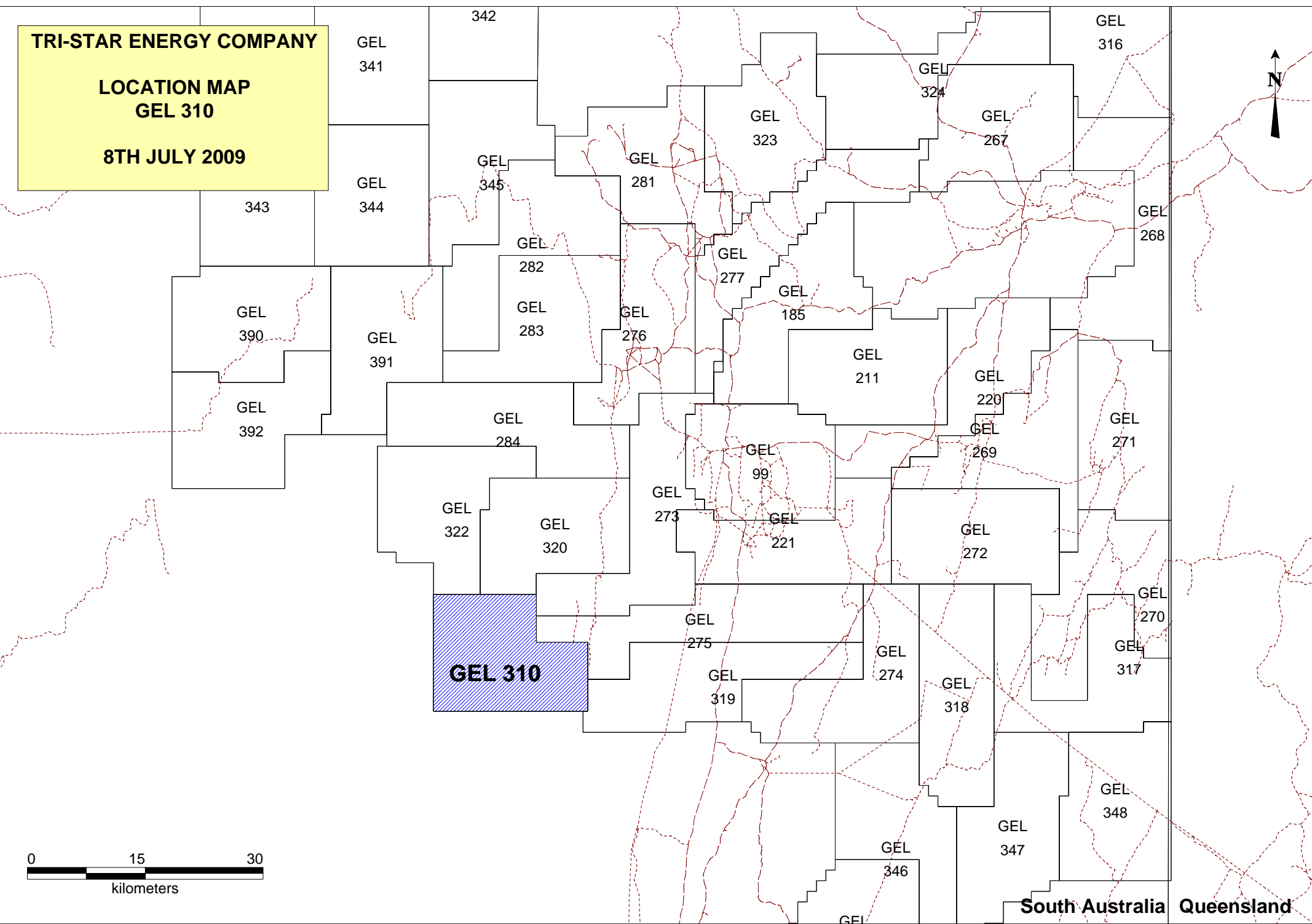
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LOCATION MAP

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**LOCATION MAP
GEL 310**

8TH JULY 2009



South Australia Queensland

FIGURE 2

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GEOLOGICAL REGION MAP

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**GEOLOGICAL REGIONS
GEL 310**

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Simpson Basin

Warburton Basin

Cooper Basin



Eromanga Basin

Lake Eyre Basin



FIGURE 3

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CADASTRAL MAP

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**CADASTRAL MAP
GEL 310**

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Waukatana

Gidgealpa

Mungeranie

Mulka

Lake Hope

GEL 310

Merty Merty

Port CannatalKaninna

Kirrakirrinna

Etadunna

Bollards Lagoon

Peachawarinna

Dulkaninna

Cooryanna

Tinga Tingana

A

Clayton

White Catch

Saltaparuna

Murnpeowie

Lake Harry

0 15 30

kilometers

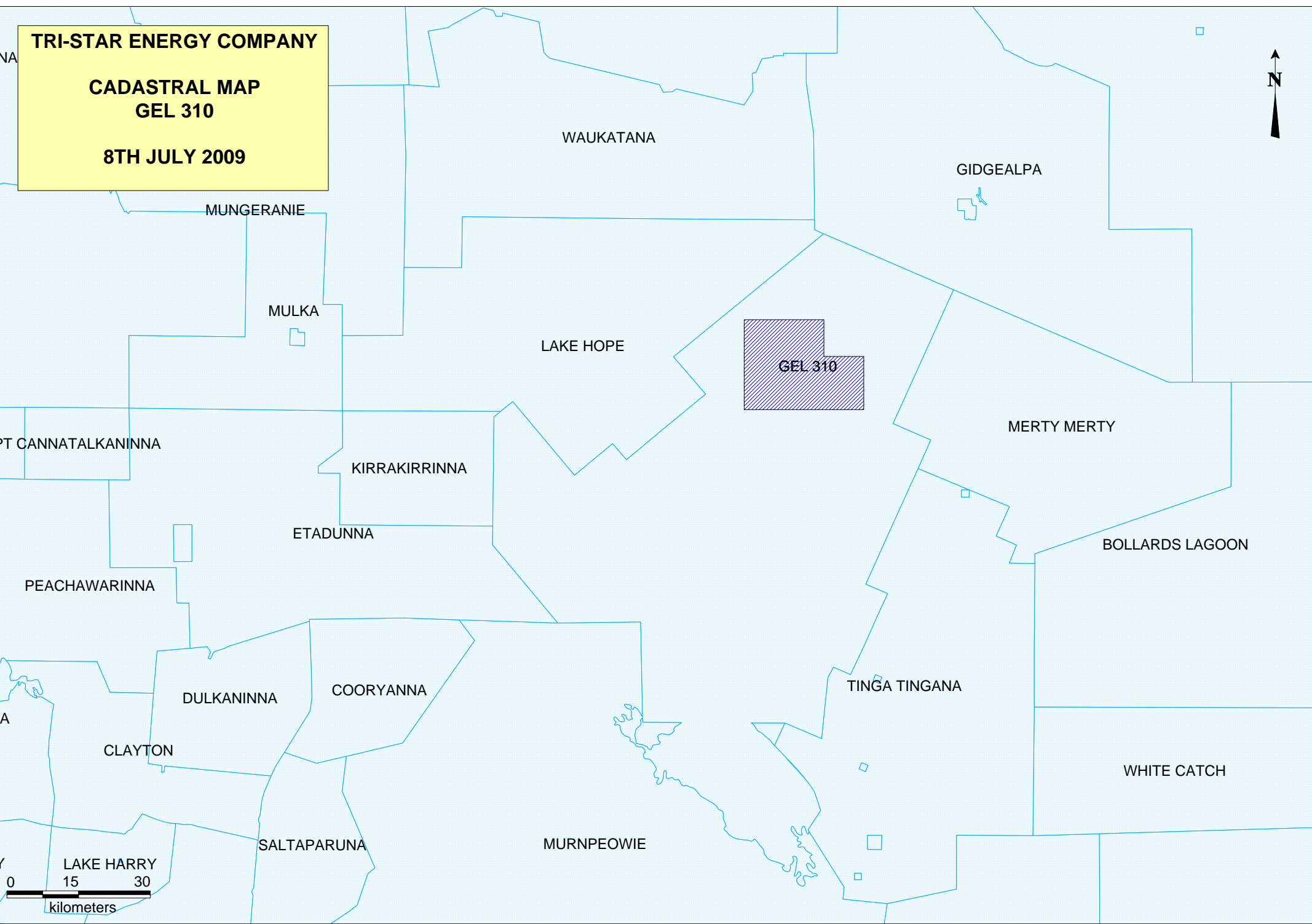


FIGURE 4

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NATIVE TITLE CLAIM MAP

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**NATIVE TITLE CLAIM
GEL 310**

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The Wangkangurru/Yarluyandi Native Title Claim

Dieri Native Title Claim

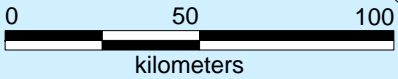


GEL 310

The Arabunna Peoples Native Title Claim

Yandruwandha/Yawarrawarrka Native Title Claim

Adnyamathanha No.1



e C

atjara

FIGURE 5

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PETROLEUM WELLS MAP

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**PETROLEUM WELLS
GEL 310**

8TH JULY 2009

