



Terra Tasmania Resources

**2012 ANNUAL REPORT
EL30/2011**

**Exploration Activity of
Terra Tasmania Resources Pty Ltd**

**Submitted pursuant to the
Mineral Resources Development Act 1995**

20 November 2012



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PREFACE

This Report has been prepared in accordance with the conditions outlined in Exploration Licence EL30/2011, subject to the Mineral Resources Development Act 1995 (As amended). To the best of Terra Tasmania Resources Pty Ltd ('TTR') knowledge, the report presented herein represents the intentions at the time of printing of the report.

During preparation of this report TTR has relied upon data, surveys, analysis, designs, plans and other information provided by past reports, third parties, and other individuals and organisations referenced herein. Except as otherwise stated in this report, TTR has not independently verified the accuracy or completeness of all nominated data, surveys, analysis, designs, plans and additional supporting information.

Terra Tasmania Resources Pty Ltd does not accept any responsibility for use of any part of this report by third parties.

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**Date
of**

Issue: 20 November 2012



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EXECUTIVE SUMMARY

TTR during 2012 was restricted in the implementation of its previously stated work program due to collapse of the funding from Global Emerging Markets ('GEM'), a multi-billion dollar hedge fund in New York who had guaranteed both TTR and MRT of its bona-fides during the application process of ERA791 in March 2011.

TTR has focussed in 2012 on cementing funding to underpin its Terra Energy and Resources Technologies Services Contract and in addition has undertaken additional studies of existing datasets with view to ranking some of its known prospects and leads ahead of discussions being held in the USA and Australia to fund a multi-well drilling program on EL30/2011.

Several parties are in discussion with TTR to explore funding options with a range of investment scenarios being assessed by the parties.

TTR has concentrated its efforts during 2012 on:

- Sourcing funding from interested investors
- Analysing and prioritising the existing data on the MRT database that pertains to EL30
- Prioritising what data has been provided to date by Terra Energy and Resource Technologies Inc (New York)
- Ranking prospects and leads that exist within the boundary of EL30/2011
- Discussing new exploration technology options that have a regional application and are applicable to EL30 and incoming investors.

TTR has focussed on consideration centred on structures that, based on ranking, would be incorporated into the 2015 drilling program. In order to fully assess EL30, the technical team will evaluate all known structures initially by rigorously examining all available and known data.

TTR identified the following key structures to concentrate its 2012 studies on as:

1. Steppes Lead
2. Quamby River Fault Block

Preliminary satellite analysis by Terra Energy & Resource Technologies Inc. ('TERT') has confirmed the same location of each structure that was determined by the former tenement holder, but differ in the assessment of structure size and hydrocarbon bearing potential.

TERT's technology has also located an additional number of smaller structures across EL30/2011 that will be examined in detail at a later date.



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During the ten year term of the former SEL13/1998, the former tenement holder conducted a range of different studies across section of the Tasmania Basin.

TTR is continuing to prioritise the data and preparing in 2012 to further evaluate all known structures discovered by the former tenement holder along with numerous additional structures that are thought to be adjacent within the boundary of EL30. The current friction within the TTRR shareholders group is thought to be coming to a conclusion that will lead to a new and more equitable TTR-TIS Services Contract, based on the following:

- A revised TERT - TTR Services Contract would comprise a detailed remote sensing satellite survey (four datasets), Naturally Adsorbed Gas analysis geo-chemical survey and two micro-seismic surveys (Side View Seismic Locator and Seismic Locator of Emission Centres) contingent on pricing and other salient conditions that does not duplicate other regional remote sensing surveys intended to be incorporated into the TTR Work Program

TTR is confident it will position itself to succeed with a full evaluation of EL30 that will lead to a drilling program and eventual commercialisation of the tenement.



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1. INTRODUCTION

1.1 Oil Exploration in Tasmania

Numerous companies have investigated and explored for commercial hydrocarbons in Tasmania commencing in 1915 through to 1939. More recent initiatives recommenced in the early 1960's with several holes drilled in the north west of the State. The holes drilled were shallow and were not undertaken in what is now considered to be the most prospective area now known as the Tasmania Basin. Very little base line data was available for early explorers which increased their chances of failure with any drilling undertaken. No commercial hydrocarbons have yet been discovered. The majority of studies conducted to date to determine the potential for commercial oil and gas in Tasmania has been undertaken by Great South Land Minerals Limited ('GSLM'), an unlisted public company currently in administration by receiver managers.

1.2 Expiry of SEL13/1998

On 30 September 1998, Special Exploration License 13/1998 ('SEL13/98') expired after a period of ten (10) years. Great South Land Minerals Limited had held tenure over an area of 30,356 square kilometres and accounted for virtually all of the Tasmania Basin.

In 2004 when GSLM completed the initial five (5) year term the size of SEL13/98 was reduced to 15,035 square kilometres. GSLM excised from the initial area, the most prospective parts of the Tasmania Basin that its work had focussed on.

Following expiry of SEL13/98 on 30 September 2009, all of the data accumulated by GSLM during its tenure, became available in the public domain and on the MRT database for other explorers or interested parties.

1.3 Release of acreage under ERA791

Following the expiry of SEL13/98 and relinquishment of other areas of Tasmania for Category 4 Minerals, approximately 18,000 square kilometres of Tasmania became available under Exploration Release Area 791. TTR was awarded 4,850 square kilometres now known as EL30/2011 as a result of a successful application.



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2. STUDIES UNDERTAKEN BY TERRA TASMANIA RESOURCES PTY. LTD.

2.1 Quamby Fault Block

The Quamby Fault block lies in the northern section of EL30 and is poorly understood due to only one seismic line and minimal spatial studies undertaken over the area. The seismic line is reasonably defined within the Permo – Triassic intervals with a well defined Gondwana unconformity.

The seismic indicates the Permo-Triassic is dipping to the south, with no reversal of the structural dip to the north. Seismic interpretation is insufficient in quality to determine or indicate any trap geometries. It is possible that updip fault seals may trap migrating hydrocarbons. The Gondwana unconformity is less than 1000 metres in depth.

The best case area of closure is estimated at 5 square kilometres with a low case area of closure of 1.5 square kilometres.

The early Permian reservoir objective is the sandstones in the Liffey Group of the Lower Permian Supergroup. Stacked sandstones are anticipated in the Upper Permian with a coal measure present in the Triassic.

Permeability is unknown and thickness not determined, so it is not possible without further spatial studies and a stratigraphic well, to determine if there would be any flow of hydrocarbons at a commercial rate.

Intraformational shales and faults provide an acceptable seal, however faulting may have breached local seals. There is no apparent dolerite cap shown on the seismic interpretation.

The Tasmanite oil shale, but it is unclear if it is in the oil window and migration pathways are not known. Further evaluation with a full STeP analysis will reveal if the source rock has been buried at sufficient depth to be thermally mature. Due to the relatively shallow depths of 1,250 metres, some biodegradation is thought likely.

The undiscovered prospective hydrocarbon resources are projected at a Mean Value of 17MMbo.



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2.2 Steppes Lead

The Steppes Lead lies in the northwest of EL30. It is poorly defined by one main seismic line (TB01-PB) and the end of line TB01-ST. There is a dolerite cap over the trap with the base dolerite speculative. Neither the Permo-Triassic or the Gondwana unconformity can be interpreted from the limited data available.

It is possible there is a high Permian block but the poor quality data makes this inconclusive. There is a dolerite cap over much of the area with local sediments in the river valleys. The limited seismic indicates faulting that may have breached the dolerite cap at surface.

The high case area of closure is 52 square kilometres with a low case area of 1.5 square kilometres. Further STeP analysis will define more accurately the size and status of the Steppes Lead.

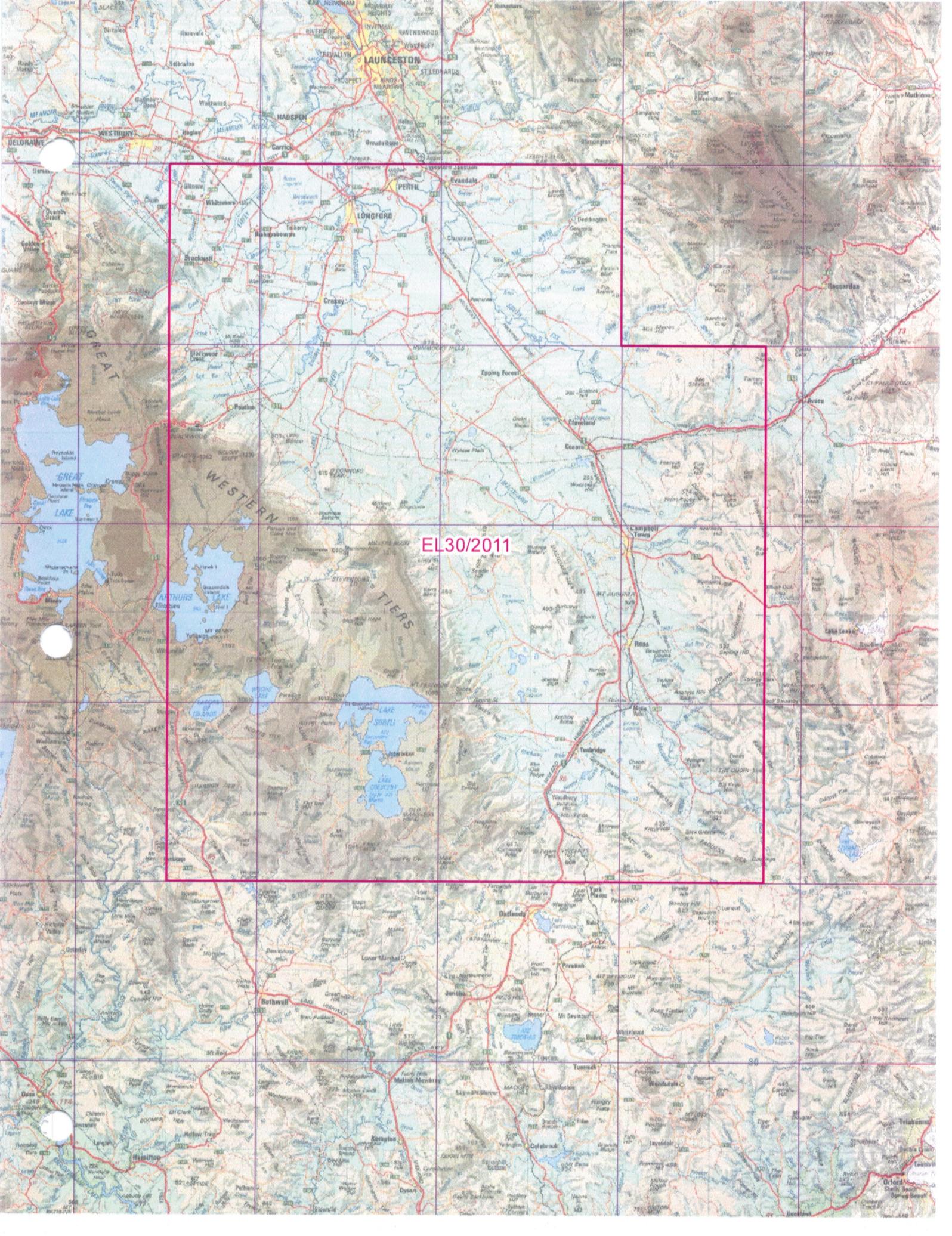
The main reservoir objective is the sandstones of the Liffey Group of the Lower Permian Supergroup. Thin stacked sandstones may also be present in the Upper Permian Supergroup. The primary reservoir risk is the thickness and permeability of the reservoirs for effective flow at a commercial rate.

The intraformational shales and faults may be effective seals, however these may have been breached by uplift and fault movement.

The dolerite cap that is evident at surface, may provide an effective seal if it lies directly over the potential reservoirs.

The Tasmanite oil shale is a likely source rock but burial depth, effective kitchen area and migration pathways are unknown. The Tasmanites should have been thermally mature enough to generate hydrocarbons in the upper Mesozoic, with biodegradation likely due to shallow depths.

The projected undiscovered prospective Mean Resources of the Steppes Lead is 9 MMbo.



EL30/2011

145°30'0"E

146°00'0"E

146°30'0"E

147°00'0"E

147°30'0"E

148°00'0"E

ERA-791

146°52'38"E 41°33'19"S

147°29'5"E 41°33'19"S

147°29'5"E 41°43'37"S

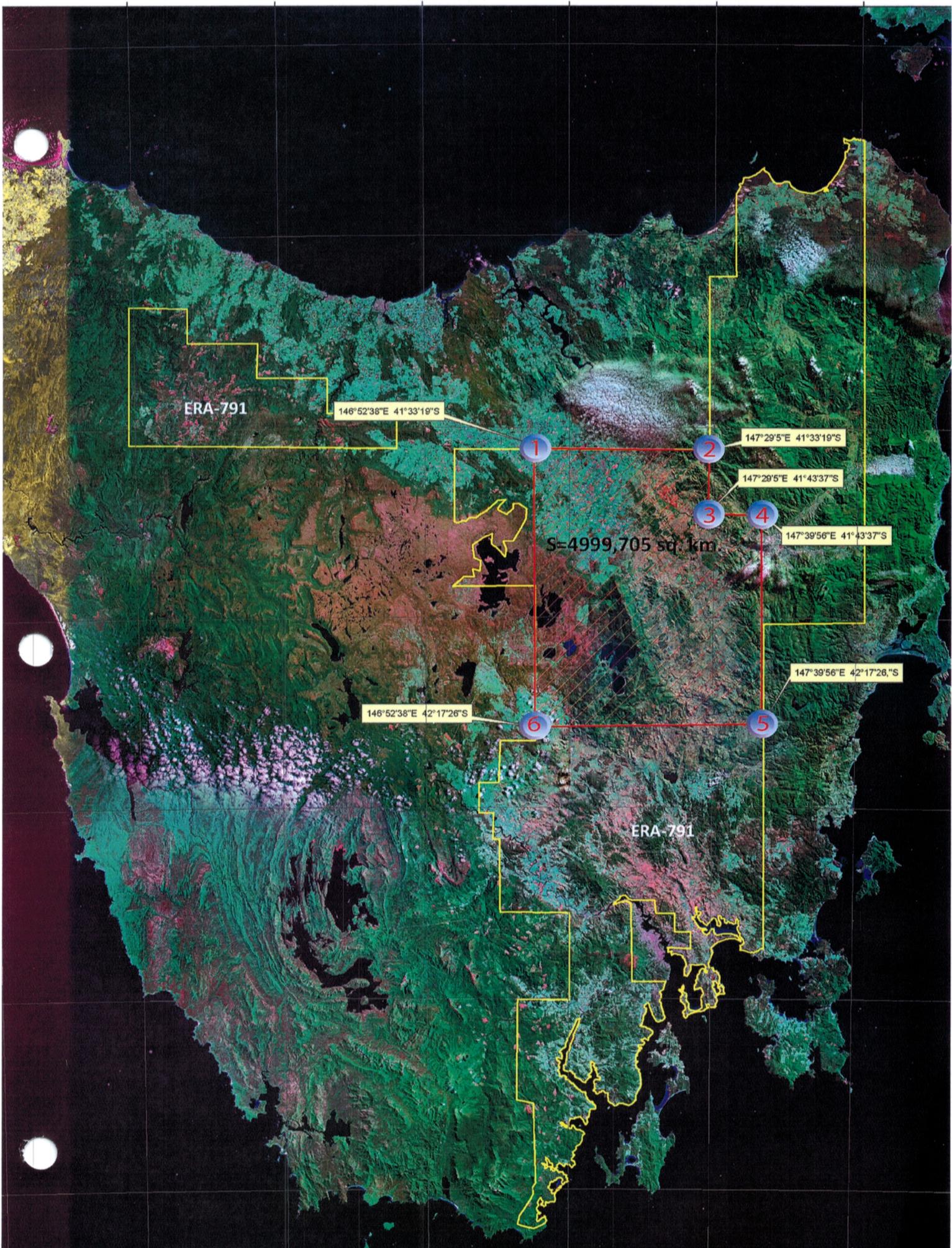
147°39'56"E 41°43'37"S

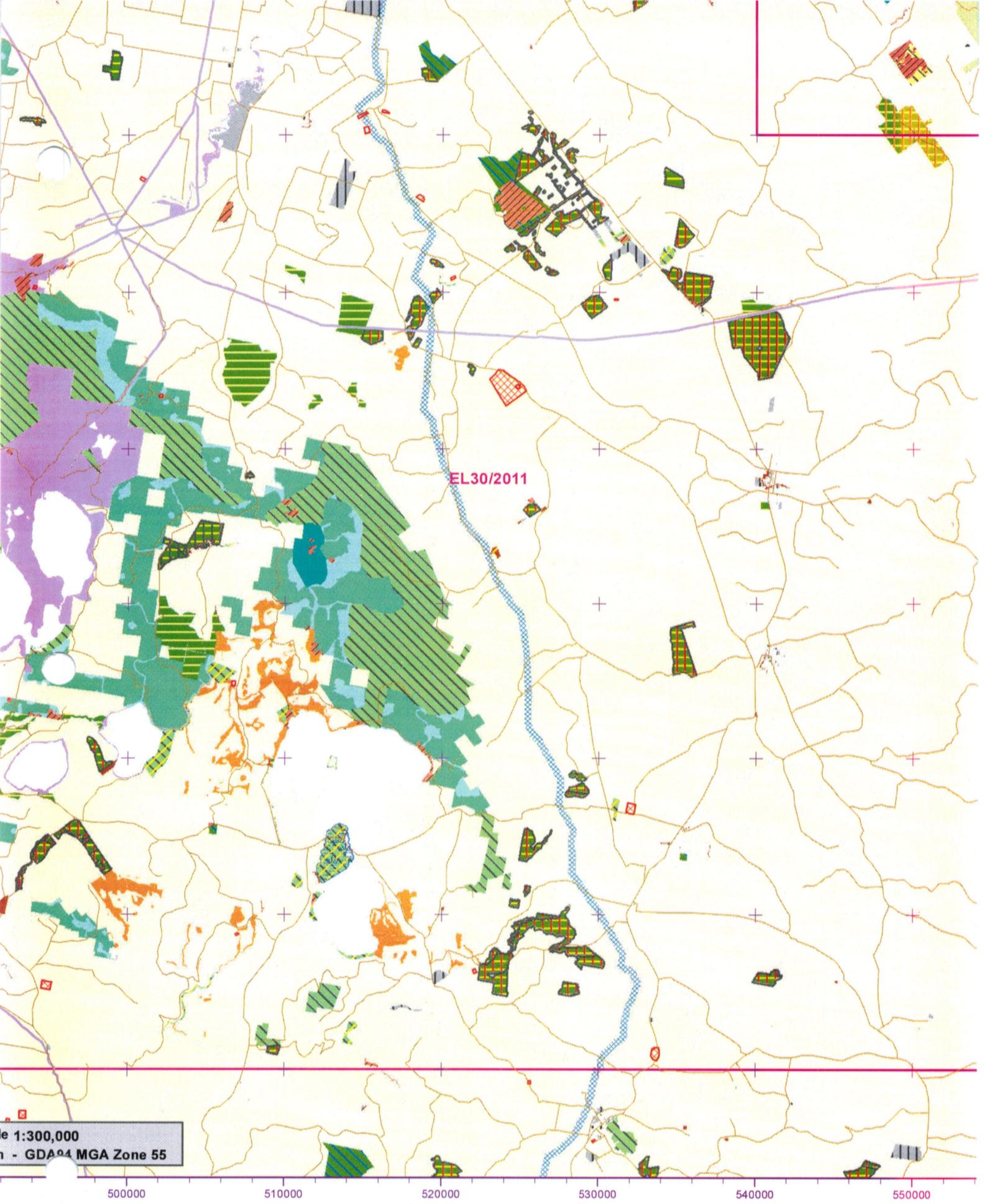
147°39'56"E 42°17'26,"S

146°52'38"E 42°17'26"S

S=4999,705 sq. km

ERA-791





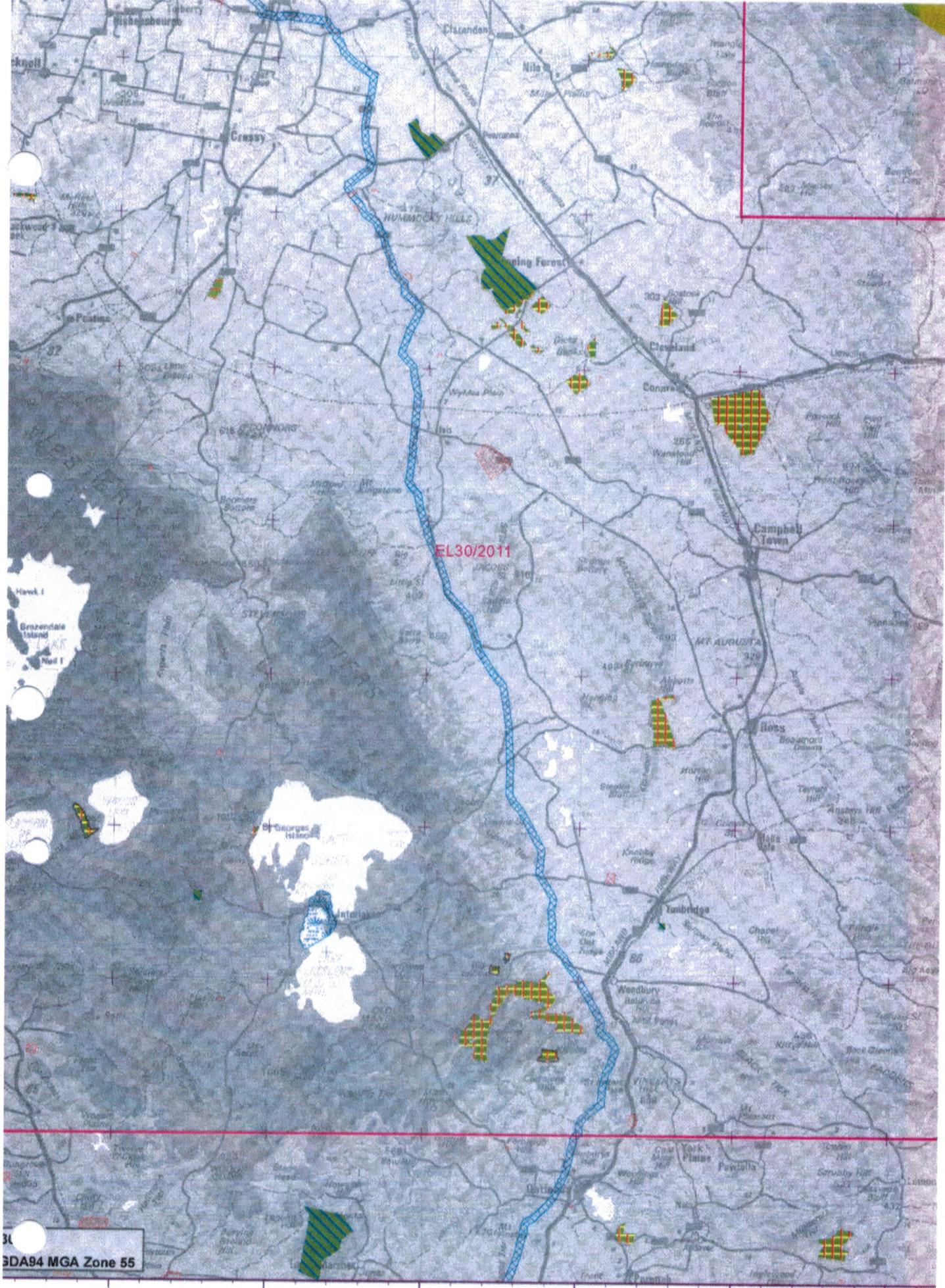
EL30/2011

Scale 1:300,000
GDA94 MGA Zone 55

500000 510000 520000 530000 540000 550000

Land Tenure / Special Management Areas (Guide Only)

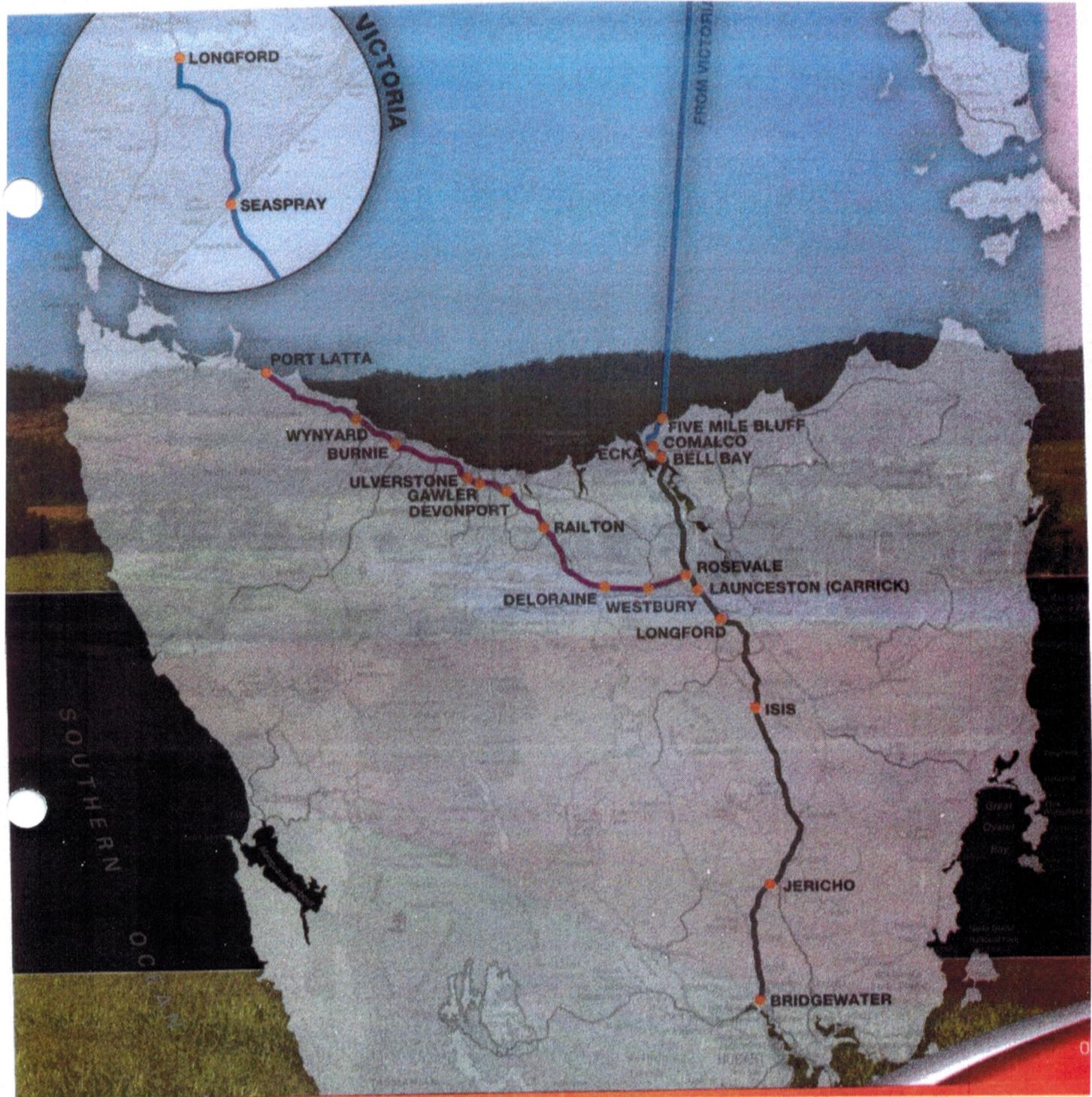
 Mining Lease	 Aboriginal Administered Land	 Proposed Nature Reserve - CLAC
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EL30/2011

30
BDA94 MGA Zone 55

500000 510000 520000 530000 540000 550000



LONGFORD

SEASPRAY

VICTORIA

FROM VICTORIA

PORT LATTA

WYNYARD
BURNIE

ULVERSTONE
GAWLER
DEVONPORT

RAILTON

FIVE MILE BLUFF
COMALCO
BELL BAY

ECKA

DELORAIN

WESTBURY

ROSEVALE
LAUNCESTON (CARRICK)

LONGFORD

ISIS

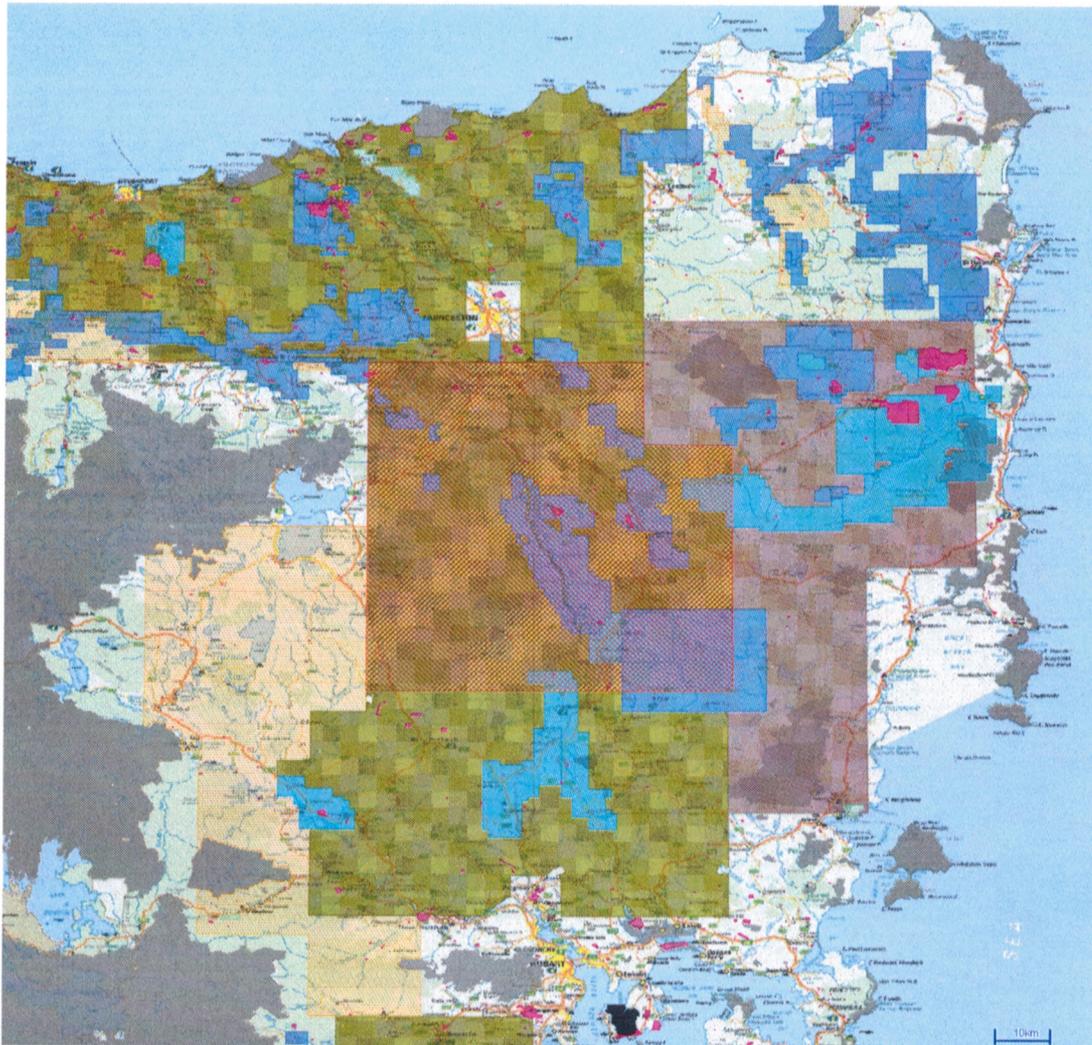
JERICO

BRIDGEWATER

SOUTHERN
OCEAN

TTR EL30 CAT 4 (PETROLEUM)

Map Generated : 4/1/2014



Topographic base image from the LIST 

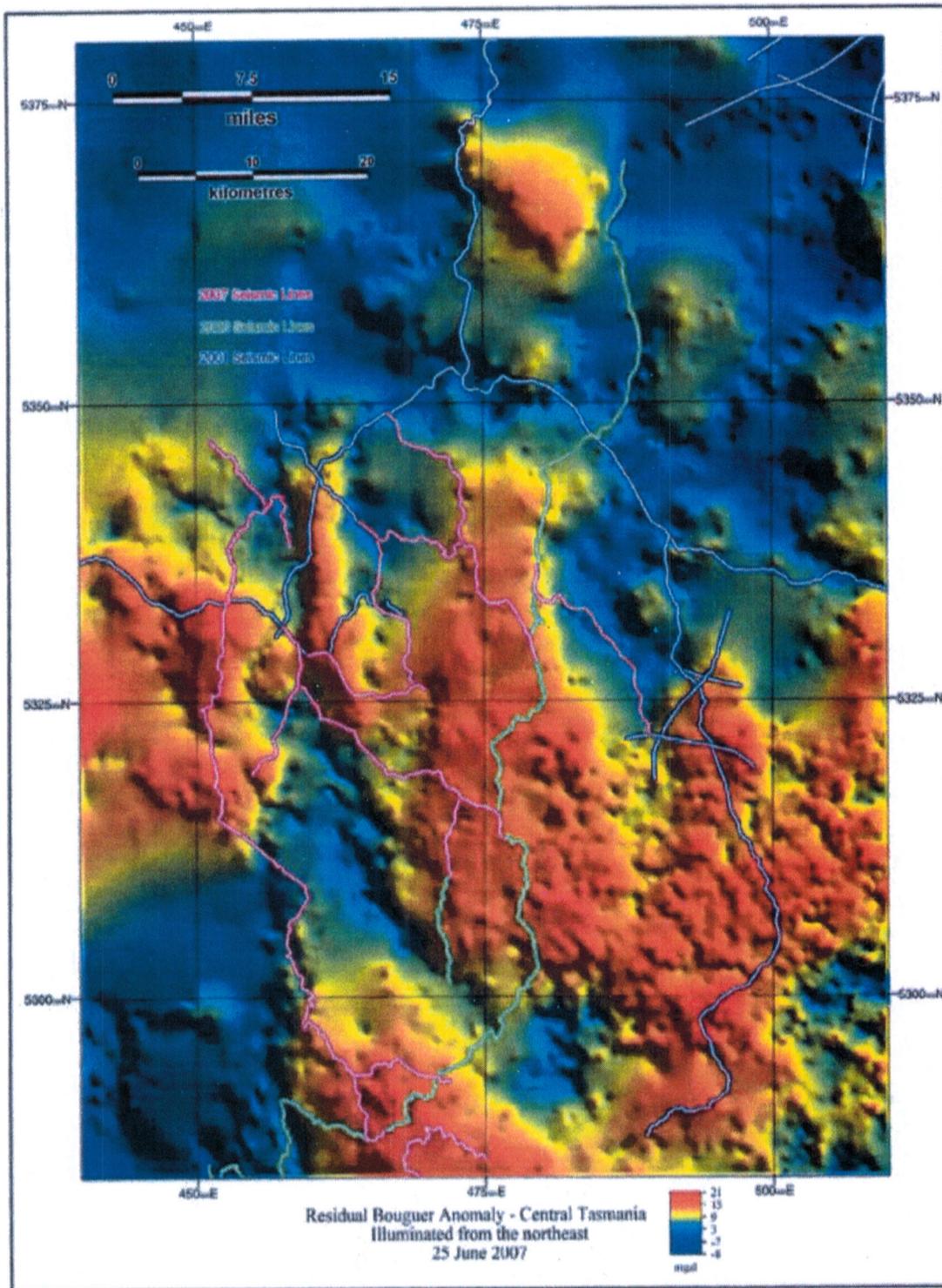
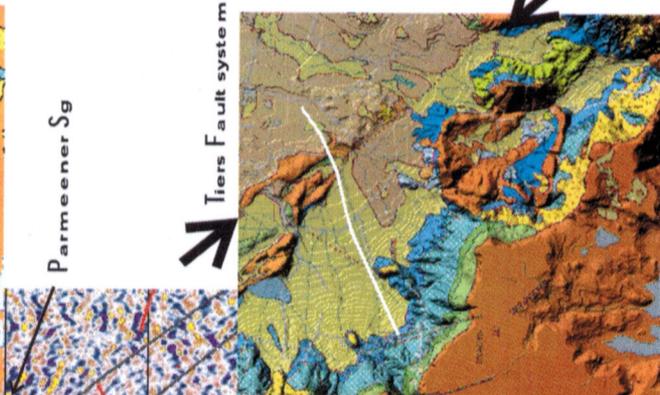
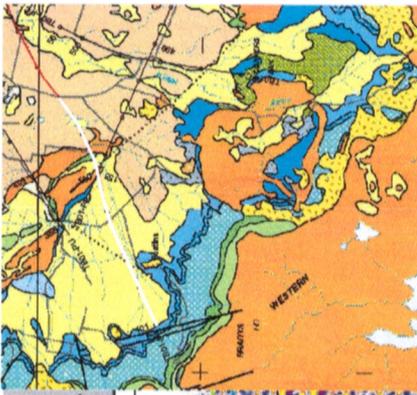
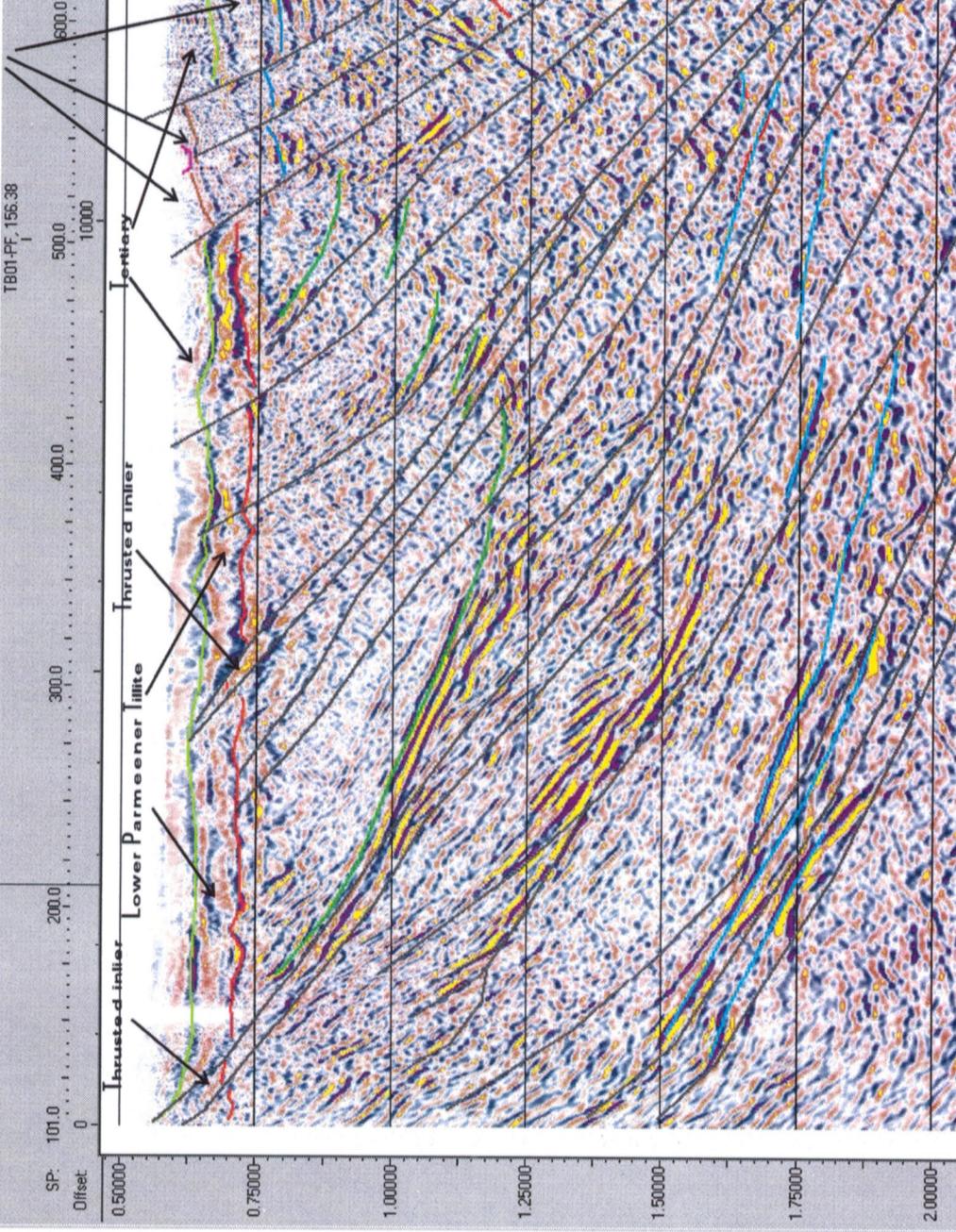


Figure 2 - Seismic Coverage Block SEL 13/98

TIERS FAULT
T801-PF, 156.38



PRE PERMIAN THRUSTING OF PROTEROZOIC (?) SECTION
LONGFORD SUB-BASIN

Figure 1

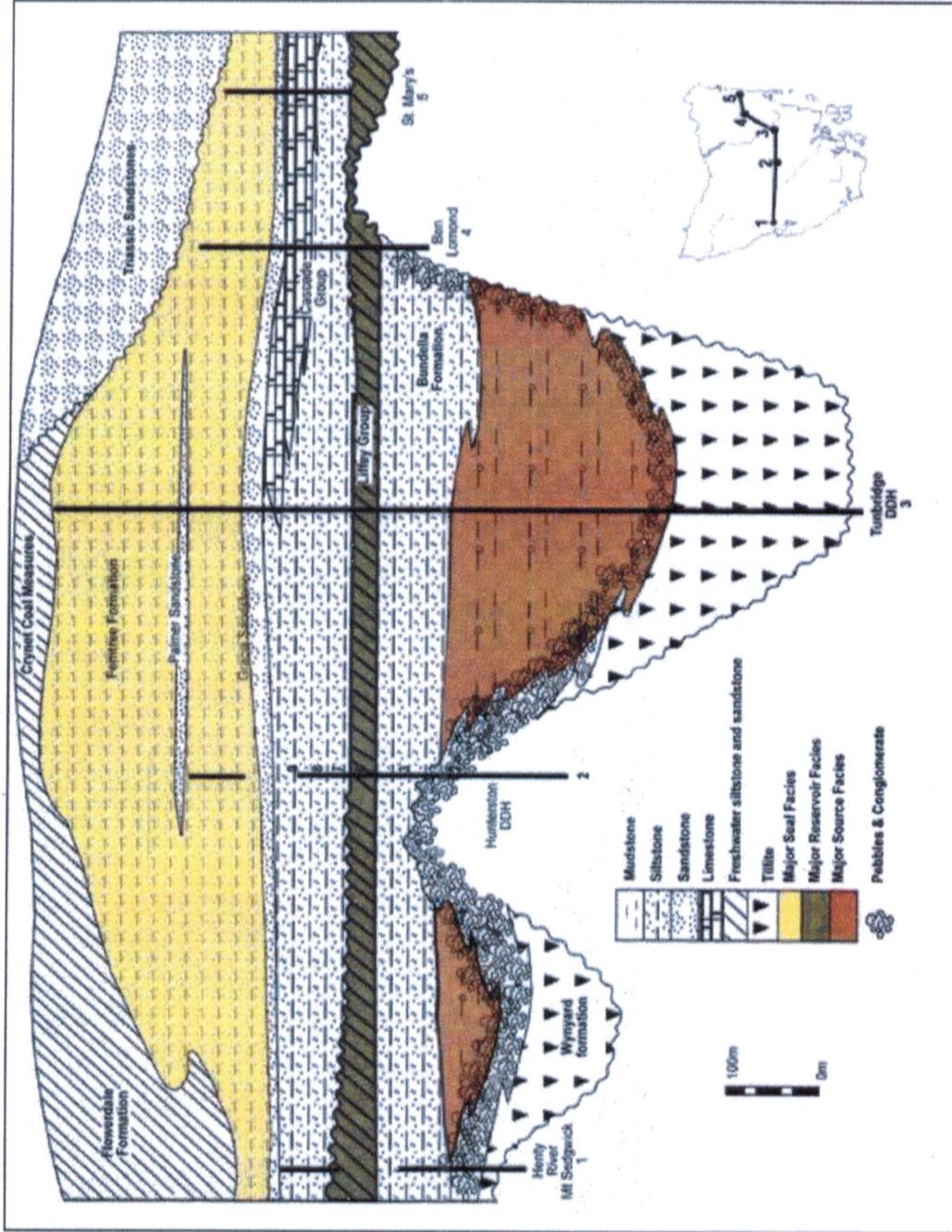


Figure 10 - Time-space diagram of the Lower Parmeener Supergroup (modified from Reid, 2004)

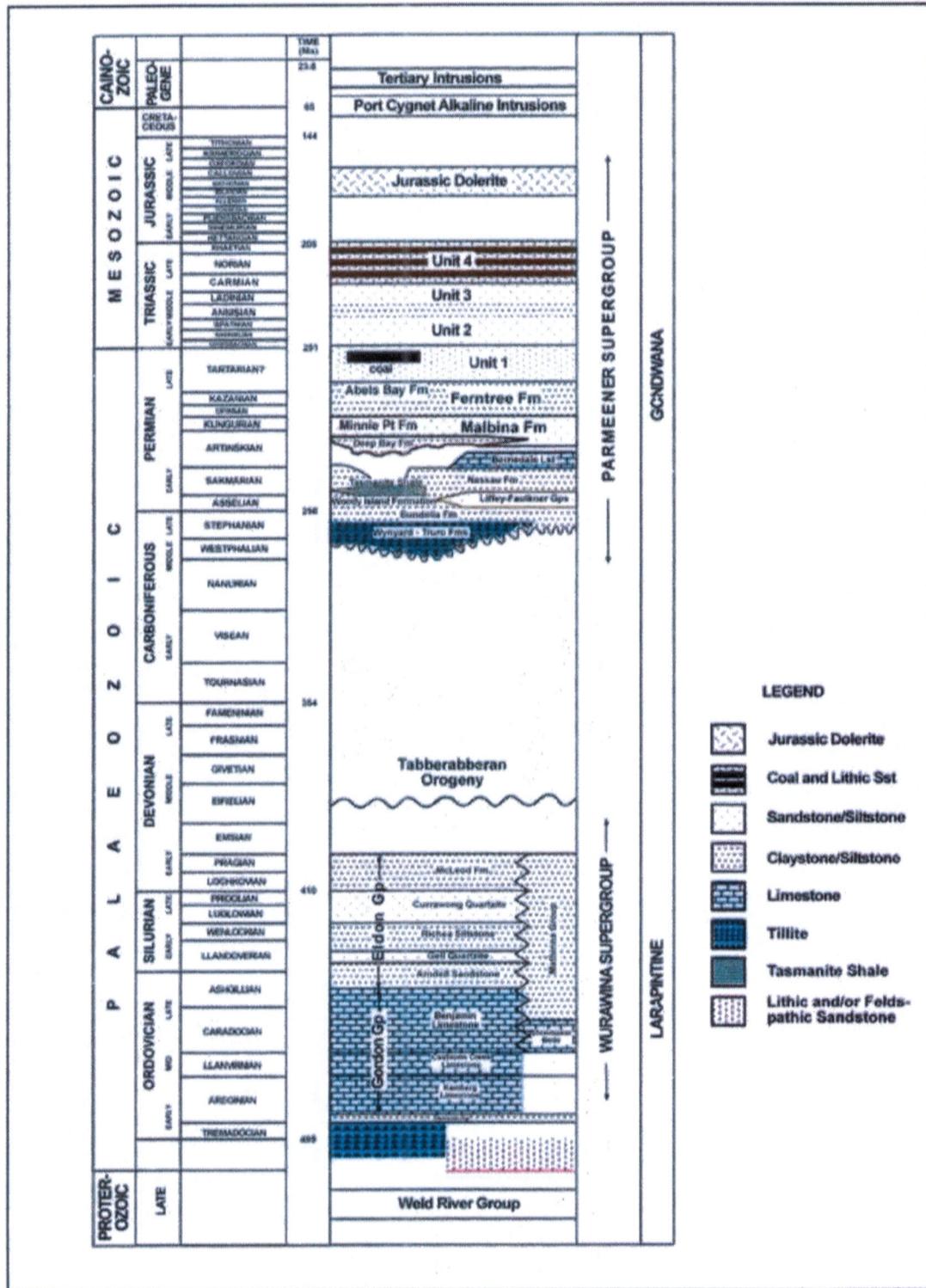


Figure 7 - Stratigraphy detail of the Tasmania Basin (modified from Seymour and Calver 1995b)