

ANNUAL REPORT: MDL 107
“STEAM ENGINE PROJECT”
FOR THE PERIOD ENDING 31ST OCTOBER 2010
BLACKSTAR PETROLEUM LIMITED

20 March, 2013

Prepared by
Environmental & Licensing Professionals Pty Ltd



A GREENCAP
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SUMMARY

During the reporting period, work was limited to desk top assessment and management of data. Assessment of previous work was undertaken and is ongoing.

1 INTRODUCTION

1.1 Tenure information

MDL 107 (Steam Engine) was granted in October 1990. The licence covers 80 Ha and is held 100% by Black Star Petroleum Limited (previously Sunseeker Minerals) and forms part of the Lucky Creek Project. It is located about 200 km west of Townsville in North Queensland and 20 km west of the town of Greenvale. The Steam Engine area is considered prospective for volcanogenic massive sulphides as well as high grade Au mesothermal vein style mineralisation

MDL 107 is covered by a code-compliant (standard) environmental authority ("EA"), number MIC201777210, and valid from 25 January, 1991.

MDL 107 is located 25km west of Greenvale in Queensland.

Figure 1 outlines the tenement location.

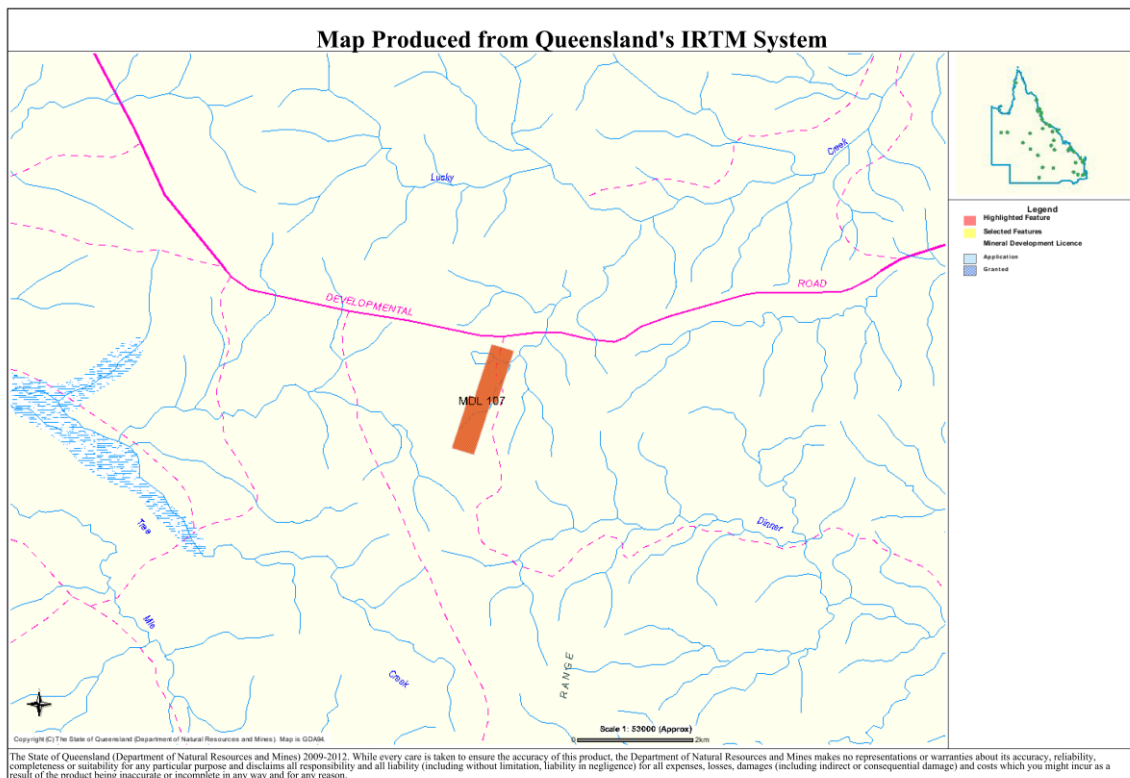


Figure 1: MDL 107 Location

1.2 Exploration rationale and history

Section 4.0 Previous Exploration

A Summary of the sporadic work carried out in the vicinity of MDL 107 is outlined below:

Carpentaria Exploration Company Pty Ltd 1979 to 1980

Carpentaria Exploration completed a detailed stream sediment sampling programme over the broader project area. Anomalous plus 100 ppm Zn responses were returned proximal to Galah Dam while anomalous plus 100ppm Cu responses were identified to the northeast of the Steam Engine deposit. Peak copper in stream (1050ppm Cu) was returned from MIM's Cockie Copper Prospect area, located beyond Glengarry's existing granted tenure.

Pioneer Minerals Australia Limited (nee Noranda Australia Limited) 1882 to 1989

Pioneer Minerals Australia Limited completed prospect scale investigations over the Galah Dam, Lucky Dip and Lucky Strike Grids following regional stream sediment sampling within the current land tenure as part of their broader Dido Hill A to P 3392M. Exploration consisted of trenching, soil sampling, rock chip sampling, mapping over the gridded areas with detailed IP and drilling around the historical Steam Engine workings(encompassed by the Lucky Strike Grid). RC and deeper diamond drilling identified gold mineralization over 400m strike at Steam Engine. Better deeper drill intersections included 4.8m @ 3.41g/t Au from 95.4m in LSD4, 5.9m @ 3.77g/t Au from 94.1m in LSD6 and 11.2m @ 2.04g/t Au from 105.8m in LSD9. Mineralisation remains open with depth although the grade and widths are decreasing.

A to P 3392M was conditionally surrendered to form A to P 5944M on 30th June 1989. Pioneer Minerals changed its name to Plutonic Operations Limited, circa 1989.

MDL 107, encompassing the small Steam Engine deposit was granted to Plutonic on 1st November, 1991. MDL 107 was assigned to Glengarry Resources Limited during October 2002.

Glengarry Resources Ltd – 2002–2007

Work completed by Glengarry within MDL 107 comprised data review and interpretation.

Beacon Minerals Ltd – 2007-2008

A total of 4 RC holes for 468 meters (SERC001-004) of drilling were completed at the Steam Engine Prospect in May 2007. A total of 469 samples (including 1 duplicate, sample 005540) were collected and submitted to ALS-Chemex Laboratories in Townsville for analysis of Au, Ag, As, Cu, Sn, Sb, and W. Gold was analysed via Fire Assay – ICP/OES to ppm levels whilst the other elements were analysed using mixed acid digest – ICP/OES to ppm levels.

Samples were collected as single meters taken from a 75:25 riffle splitter and placed in numbered sequential calico bags. All other drill sample was collected in numbered green plastic RC bags and stored in rows of 20 next to the drill hole.

As no drilling had been completed in the area for 10-15 years, and some of the historical data relating to the Steam Engine Prospect was not available, the planned drilling was done to satisfy the following aims;

- Confirm geology and continuity of known mineralization
- Test plunge potential below main area of drilling.

Drilling details are provided in Table 1.

Table 1.1.1: RC Drilling data (GDA 94, Z55 coordinates)

Hole No.	Easting	Northing	Depth	Azi	Dip	Start Sample	End Sample
SERC001	262206	7895908	114	108	60	4601	4714
SERC002	262139	7895808	132	108	60	4715	4846
SERC003	262071	7895745	180	108	60	4847	5026
SERC004	262314	7895924	42	108	60	5027	5069

Historical Drilling defined mineralisation over 350m, which is offset by a fault in the south, but is open to the north and at depth. Gold occurs as a series of outcropping, south-westerly plunging shoots hosted in sulphidic quartz-muscovite schist, with anomalous levels of silver and arsenic associated.

Drill hole SERC001 intersected the northern shoot down plunge from historical drilling, and recorded 6m @ 5.5 g/t (inc 2m @ 15.6g/t) from 95m. This shoot remains open down plunge. Drilling targeting the southern shoot intersected lower grade material in an interpreted fault zone (SERC002), whilst no significant results were recorded in SERC003. The geology becomes structurally complex south of SERC002, and it appears that the mineralization is offset, possibly to the east. However, the direction of movement of the interpreted fault zone is not clear.

Drill hole SERC004 was drilled into the weathered zone of the Steam Engine Prospect, and recorded 12m @ 3.5 g/t Au from 10m. It was planned to utilize material (and from SERC001) from this hole for preliminary metallurgical test work, however, all samples that were left on site was destroyed by cattle before selected samples could be collected.

The MDL was handed back to Glengarry in late 2008.

Table 1.1.2: Summary of Results

Prospect	Hole (SERC)	EAST	NORTH	Depth	From	Results
Steam Engine	001	262206	7895908	114	82 95 96	4m @ 2.5 g/t Au 6m @ 5.5 g/t Au 2m @ 15.6 g/t Au
	002	262139	7895745	132	92 116 122	6m @ 1.0 g/t Au 1m @ 1.4 g/t 3m @ 1.2 g/t
	003	262071	7895745	180		NSR
	004	262314	7895924	42 Inc.	10 12	12m @ 3.5 g/t 6m @ 5.8 g/t Au

Results of >0.5g/t **AU**, max. of 2m internal dilution. Au = gold ;NSR = No significant result All holes drilled – 60/108

Traditional Securities Group 2009-2010

Work completed by Traditional Securities Group within MDL 107 comprised data review and interpretation.

2 GEOLOGICAL DATA

2.1 Regional geology

MDL107 is situated 15km west of the abandoned Greenvale Nickel Mine along the margin of the Precambrian Georgetown Inlier. The region is dominated by fault bounded rock packages of Lower Palaeozoic Balcooma Metavolcanics and the Lucky Creek Group overlying Proterozoic Halls Reward Metamorphics.

The Late Cambrian to Ordovician Lucky Creek Group is interpreted to be analogous to the Balcooma Metavolcanics. The formation is separated from the Balcooma Metavolcanics by the Silurian Dido Granodiorite, consisting of hornblende-biotite tonalite, quartz diorite and minor gabbro rocks.

The Lucky Creek Group is subdivided into the Eland and Lugano Metamorphics and the Paddy's Creek Phyllite. The Group ranges from amphibolite facies biotite gneiss, amphibolite, leucogneiss, micaceous quartzite through to greenschist facies chlorite-actinolite schist with relict plagioclase clasts.

A series of northeasterly trending mylonitic transcurrent shear zones transect the stratigraphy within the area. These shear zones parallel the penetrative S2 foliation fabric and are believed to have been active until the Permian-Carboniferous and dominate the present day litho-structural assemblage. All the Cambrian to Ordovician metamorphics and tonalitic intrusives are observed to have been rotated into parallelism with the mylonite zones.

Cambrian to Ordovician Paddy Formation phyllites and quartzites are situated to the east of the Lugano and Eland Metamorphics and are not exposed with MDL107.

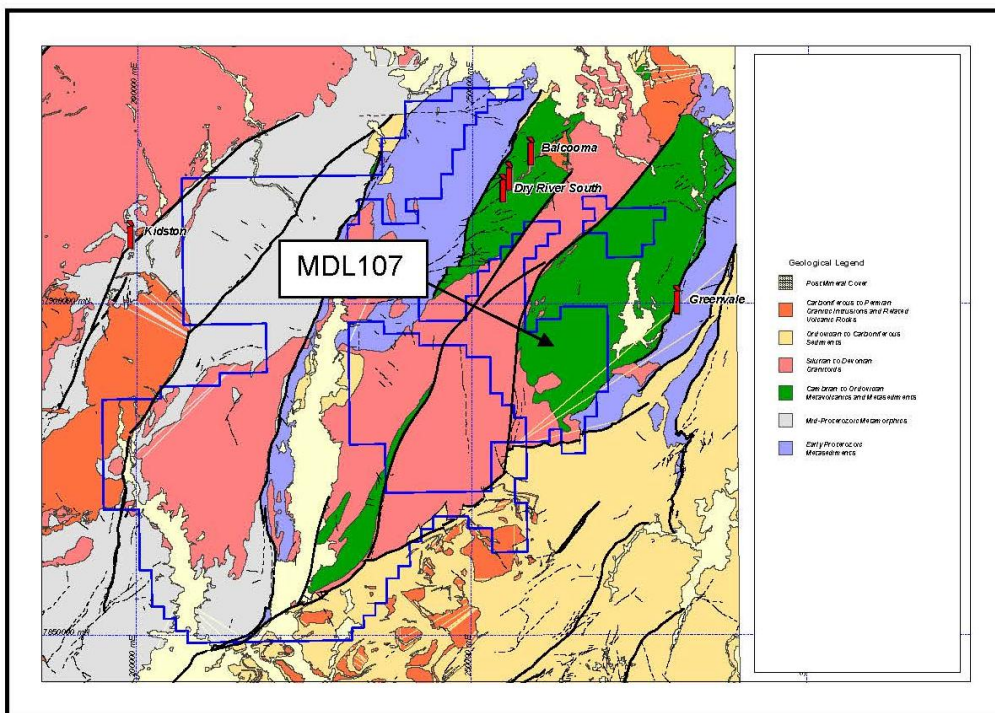


Figure 2: MDL 107 Simplified Regional Geology

2.2 Tenement geology

The geological structure on the Lucky Creek Project which includes MDL 107 is interpreted to be dominated by a NE trending dextral shear zone (Figure 3). This shear zone has been divided into 4 structural zones (Blocks 1-4). The northeastern 3 Lenticula zones are interpreted to have formed from left stepping R1 shears (10-15° to main shear direction) that have coalesced along strike to form major through going fault structures. These R1 shears possibly represent a flower structure that has formed from a single through going fault zone at depth.

Block 1 lies on the southwestern side of this dextral shear zone and it is characterized by circular features representing intrusive granites with a Z fold developing in the pressure shadow to the NE (hosting Steam Engine and parallel zones).

Shearing /faulting followed by possible rotation of the R2 shear direction (70-80° to main shear direction), hosts the mineralization associated with the northwest trending prospects (ie. Bottle Tree Gully in Block 1).

Block 1 lies to the south of the shear zone. It is underlain in the south predominantly by arcuate (circular) structures that geological mapping has demonstrated to represent granitic intrusives either outcropping or possibly underplating a large portion of the Block. During deformation these granites have acted as a competent rotational clast leading to the formation of a Z fold in the pressure shadow on the NE side of the clast. In addition to the tight folding the rocks have failed along zones of structural weakness, fold limbs and axial planes, forming the shear zones hosting the mineralization at Steam Engine and the Powerline, Paddys and Eastern Ridge Prospects.

NW trending R2 faults/shears are interpreted to host the Bottle Tree Creek Cu-Au mineralization and the Windmill East Prospect. They would also be responsible for the apparent NW trends in the Au soil geochemical anomalies to the SW of Steam Engine and in the south central portion of the Powerline, Paddys and Eastern Ridge Prospects.

3 EXPLORATION WORKS CONDUCTED

3.1 Overview of work performed

During the reporting period, activities undertaken within MDL 107 were limited to desktop assessment and review of previous exploration results.

3.2 Drilling data

During the reporting period, no drilling was undertaken within MDL 107.

3.3 Soil, stream sediment and rock chip sampling

During the reporting period, no soil, stream sediment or rock chip sampling was undertaken within MDL 107.

3.4 Geochemical data

During the reporting period, no geochemical data was collected within MDL 107.

3.5 Geological mapping

During the reporting period, no geological mapping was undertaken within MDL 107.

3.6 Geophysical data

During the reporting period, no geophysical data was collected within MDL 107.

3.7 Remote sensing data

During the reporting period, no remote sensing data was collected within MDL 107.

4 CONCLUSIONS AND RECOMMENDATIONS

Limited exploration has been undertaken during the reporting period, and assessment of past exploration results is ongoing. As such, no conclusions have been drawn in relation to the prospectivity of the tenement, or on future exploration programmes.

5 STATEMENTS

5.1 Statements of resources/reserves

In accordance with the *Mineral Resources Regulation 2003*, Sunseeker Minerals Limited confirms that no resources have been identified within MDL 107 during the reporting period.

5.2 Statement describing significant mineralisation

In accordance with the *Mineral Resources Regulation 2003*, no significant mineralisation has been identified within MDL 107 during the reporting period.

5.3 Statement of compliance

During the reporting period, the actual program of activities undertaken within MDL 107 included data management and desk top assessment only. No field work was undertaken during the reporting period.

The programme of works proposed for MDL 107 for the period 1st November, 2009 to 31 October, 2010 included the following activities outlined in Table 2.1:

Table 5.3.1: Programme of proposed works for Year 19 within MDL 107

YEAR	ACTIVITIES
Year 19 1 November 2009 to 31 October 2010	RC Drilling (2000m)
Year 20 1 November 2010 to 31 October 2011	RC Drilling (2000m)

The actual programme of works undertaken for the current one year period comprised desk top assessment and data management, which is consistent with part of the proposed work programme. However, no field was undertaken during the reporting period, and as such, proposed activities Statement of proposed activities.

During the forthcoming reporting period, the following activities are proposed for Year 21 within MDL 107, as described in the renewal application. Table 2.2 outlines the proposed activities:

Table 5.3.2: Programme of proposed works for Year 21 in MDL 107

YEAR	ACTIVITIES
Year 21 1 November 2011 to 31 October 2012	RC Drilling (5000m)
Year 22 1 November 2012 to 31 October 2013	RC & DC Drilling, Resource estimations to JORC standard

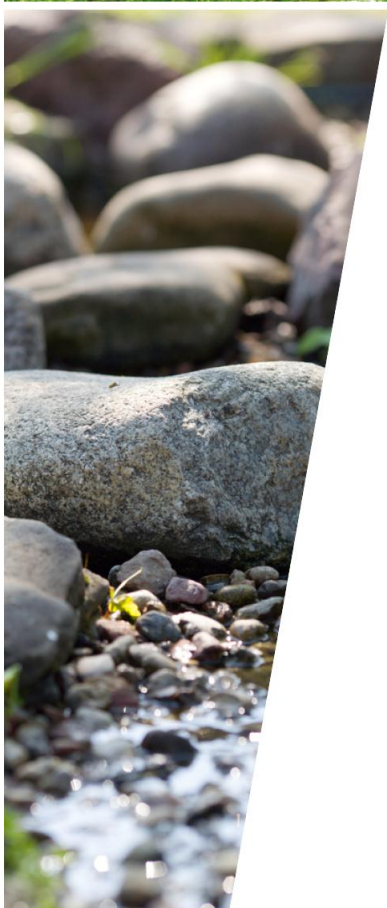
5.4 Copyright Statement

ACKNOWLEDGEMENT AND WARRANTY

1. Subject to 2, the tenure holder acknowledges that this Report, including the material, information and data incorporated in it, has been made under the direction or control of the State of Queensland (the State) within the meaning of section 176 of the *Copyright Act 1968 (Cwth)*.

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