



ANNUAL REPORT

GEL 557

LICENCE YEAR 2

**29 June 2011
to
28 June 2012**

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Olympic Dam Geothermal Project

GEL 557

29 June 2011 to 28 June 2012

Licence Year 2

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1. INTRODUCTION

1.1. Background

Exploration for geothermal energy was focussed on stored heat in buried hot rocks surrounding the Olympic Dam mine and in close proximity to high voltage power lines.

1.2. Licence Data & Period

Geothermal Exploration Licence (GEL) 557 was granted on the 29th June 2010 for a period of five years.

This report includes activities on GEL 557 during the period 29th June 2011 to 28th June 2012. This is the second annual report for the licence period.

1.3. Licensees

GEL 557 is held 100% by Green Rock Energy Limited. There was no change in the working interest of the licence during the period.

2. WORK REQUIREMENTS

A work program over GEL 557 was approved and entered on the public register on the 29th June 2010. As a result the exploratory operations required to be conducted in GEL 557 are :

Year	Minimum Work Requirements
1	Geological and geophysical studies
2	Shallow drilling and radon/ temperature survey
3	Geological and geophysical studies
4	Geological and geophysical studies
5	Drill one well

Submission was made to DMITRE on 16 May 2012 requesting changes the Work Requirements of GEL 557. The request was supported by the relevant fee. As at the date of this report, this request to vary the work programme of GEL557 is yet to be finalised.

3. WORK CONDUCTED DURING REPORTING PERIOD

Green Rock Energy participated in a project to develop a rapid, shallow penetration, heat flow tool and new exploration methodology. This should benefit exploration activities on GEL 557. This research led to a paper presentation at the 'Thirty-Seventh Workshop on Geothermal Reservoir Engineering' at Stanford University.

Three heat probes were installed at two locations and will be monitored over the coming months.

4. COMPLIANCE WITH PETROLEUM ACT

4.1. Regulated Activities

No regulated activities were carried out during the report period.

4.2. Compliance

The work program included shallow drilling and radon/temperature survey in year two. This work was not carried out as we waited to see the results of the shallow temperature probe testing carried out in GEL 128 and 206. Accordingly, it is noted that this was an matter of non-compliance for this year. In consequence, permission has been sought to vary the work commitment for this year.

4.3. Management Systems

Green Rock Energy is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve, the Company has been guided by the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. The Company has in place a detailed Health, Safety and Environment Management Plan, Occupation Health and Safety Procedures and Emergency Response Procedures to cover the activities of the Company, its contractors and visitors. No significant change was made to these procedures which were initiated in the first licence year.

4.4. Relevant Reports and Data

No reports were completed during the licence period.

4.5. Reportable Incidents

There were no reportable incidents.

4.6. Foreseeable Threats

No material threats have been identified.