

Geothermal Exploration License 99 Annual Report for 2007 (Year 4)

Introduction

GEL 99 was granted to Scopenergy Ltd on 22nd October 2001. The license remained in suspension for the period 17 April 2003 to 17 July 2005. As a result the end of year four of the license is 21 October 2007. Geodynamics acquired the tenement from Scopenergy on 23 May 2005, and in the reporting year to 21 October 2007 it did not carry out any regulated activities within the area. However scoping of the development of multi-well geothermal systems which will be applicable to the area was carried out. Large scale multi-well development will be required to justify geothermal electrical generation in such a remote location. The process is being assessed in the adjacent area near Innamincka, at the Habanero test site. Success in this area will allow Geodynamics to progressively scale up its developed processes and this will include development into GEL99. The timeframe for such development in GEL 99 has not yet been established.

Reporting Against Requirements of the Petroleum Act 2000

(a) Summary of the regulated activities conducted under the license during the year

No regulated activities were carried out in the area over the reporting period.

(b) Report for the year on compliance with the Act, these regulations, the licence and any relevant statement of environmental objectives

There were no reports of non-compliance with the Act in the reporting period.

(c) Actions to rectify non-compliance with obligations imposed by the Act, these regulations or the licence, and to minimise the likelihood of the recurrence of any such non-compliance; and (d) a summary of any management system audits undertaken during the relevant licence year, including information on any failure or deficiency identified by the audit and any corrective action that has, or will be, taken.

The company continues to track activities under the Act and ensure that we comply with all Regulations. Computer based tracking systems are in operation.

(e) List all reports and data relevant to the operation of the Act during the relevant licence year.

Nil reports submitted.

(f) Report of incidents reportable to the Minister under the Act and regulations

Nil.

(g) Report on any reasonably foreseeable threats that reasonably present, or may present, a hazard to facilities or activities under the licence, and a report on any corrective action that has, or will be, taken.

Nil.

(h) Operations proposed for the ensuing year

Geodynamics does not intend to carry out Regulated Activities over the GEL, preferring to concentrate on the proving up of the hot fractured rock concept at the Habanero test site in its GRL's in the Innamincka area.

In the reporting year there will be considerable effort examining the economic viability of HFR development relating to the Habanero test site and at the adjacent Jolokia test site. The results of these studies should be valid for GEL 99.

A handwritten signature in black ink, appearing to read 'D Wyborn', written in a cursive style.

Doone Wyborn

28-12-2007