

SCOPENERGY LTD

GEL 99

ANNUAL REPORT

YEAR 1

22 August 2001 to 21 August 2002

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1. ADMINISTRATION SUMMARY

1.1 Period

This report covers the activities for Year 1 being the period of 22 August 2001 to 21 August 2002.

1.2 Permit Data

Exploration Permit GEL 99 was granted on 22 August 2001 for an initial term of 5 years. The permit consists of block HDR2000-C. The area of the permit is approximately 496 km².

There was no change in the area or the permit boundaries during the year.

1.3 Permittees

The permit was awarded to Scopenergy Ltd as sole permittee.

There was no change in Working Interests during the period.

Permittees/Joint Venture Participants	Working Interest
Scopenergy Ltd	100%

1.4 Operator

Scopenergy Ltd is the operator

There was no change of Operator during the period.

2. WORK REQUIREMENTS

Year	Work Requirements	Estimated Cost (A\$)
1	<ul style="list-style-type: none">- Geological and geophysical review- Design of HDR reservoir development program- Super-critical CO₂ feasibility study	
2	<ul style="list-style-type: none">- Re-enter 1 injection well- Hydraulic fracture stimulation of HDR reservoir	
3	<ul style="list-style-type: none">- Drill & complete 1 production well- HDR reservoir monitoring- Circulation test- 6-7 MWe power plant	
4 & 5	<ul style="list-style-type: none">- Drill & complete 3 wells- Stimulation & reservoir monitoring- 25 MWe power plant	

3. WORK PROJECTS

The following works were carried out during the year in order to fulfil the Year 1 Work Requirement.

3.1. Geological and Geophysical Review

We have collected well logs, borehole images, mini- and micro-frac test data from wells in Cooper Basin. We have also consulted a number of published reports on the topic. Analysis of the above data suggests that the stress regime prevailing in the Copper Basin, in particular in block HDR-2000C, is likely to be dominated by normal-fault to strike-slip stress regime. The minimum horizontal stress strikes consistently to the North (N4°E) on average. Only a small number of natural fractures were identified from the borehole logs. Although there exists high degree of variability, the orientation of the natural fractures' strike was consistently in a range between 46-83° East.

The details of the stress, natural fractures and rock properties are summarized in Section 2 and Table 3 of the attached Report.

3.2. Design of HDR Reservoir Development Program

We have made a comprehensive study of the HDR reservoir development potential in block HDR-2000C. This includes laboratory investigation and numerical modeling. Results of this study suggest that block HDR-2000C have the potential to sustain a 600-MWe plant over 18 years.

For details see Section 5 of the attached Report.

3.3. Super-Critical CO₂ Feasibility Study

Initial literature review suggests that the use of super-critical CO₂ as reservoir stimulation and circulating fluid would employ a binary cycle power plant with heat exchange from the hot SCCO₂ to a secondary working fluid in the surface for use in a Rankine power cycle.

3.4. Negotiations

Until September 2002, Scopenergy Ltd was beneficially owned by The University of New South Wales. It is now owned by four Directors of the company: Sheik S. Rahman, Val Pinczewski, Guy Allinson and David Hawley.

Scopenergy is still negotiating with a number companies, including Shell International, AGL and Santos, to obtain financial and technical supports for the proposed HDR Reservoir Development Program (outlined in Section 3 of the attached Report). It has also proposed that the work program is to be carried out under a joint venture agreement.

4. ESTIMATED EXPENDITURE

Estimated total expenditure for the year was (commercial in confidence).

Summary Project Costs – Year 1 (2001-2002) is included in **Appendix A**.

5. FUTURE WORK PROGRAMME

At this stage it is not clear when the activities of the Year 2's work program will begin. We will advise the Department as we progress in raising capital for the Project (as discussed above in Section 3.4).

**Appendix A
Summary Project Costs
Year 1 (2001-2002)**

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