



Geothermal Exploration Licence 99

Annual Report

Licence Year 2008

22nd October 2007 to 21st October 2008

Cooper / Eromanga Basin
South Australia

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1 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. 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.

The expiry date of Exploration Licence GEL 99 was 21st October 2008. GEL 99 has now been replaced by GRL's 20-24.

2 Permit Summary

For the duration of the licence year, licensees for Geothermal Exploration Licence (GEL 99) were:

- Geodynamics 100%

During the term of the licence work to be carried out involved exploratory operations in accordance with the work program approved by the Minister from time to time

Table 1 Work commitments by licence year

Licence Year	Minimum Work Program
Year 1	<i>Geological and Geophysical Studies</i>
Year 2	<i>Geological and Geophysical Studies</i>
Year 3	<i>Geological and Geophysical Studies</i>
Year 4	<i>Geological and Geophysical Studies</i>
Year 5	<i>Geological and Geophysical Studies</i>

The following table displays the minimum work program (after all variations) and the actual work completed up until the end of the current licence period.

Table 2 Final work program and work completed (as of end of current reporting period) by licence year

Licence Year	Minimum Work Program	Actual Work
Year 1	<i>Geological and Geophysical studies</i>	<i>Completed</i>
Year 2	<i>Geological and Geophysical studies</i>	<i>Completed</i>
Year 3	<i>Geological and Geophysical studies</i>	<i>Completed</i>
Year 4	<i>Geological and Geophysical studies</i>	<i>Completed</i>
Year 5	<i>Geological and Geophysical studies</i>	<i>Completed</i>

3 Regulated Activities

3.1 Drilling

No wells were drilled in GEL 99 during Year 5 of the Licence

3.2 Seismic data acquisition

No seismic data was acquired during Year 5 of the Licence

3.3 Seismic data processing

No seismic data was processed and no seismic data was reprocessed during Year 5 of the Licence.

3.4 Geochemical, Gravity, Magnetic and other sources

There were no geochemical, gravity, magnetic or other surveys conducted in GEL 99 during the reporting period.

4 Compliance Issues

Licence and Regulatory Compliance

Pursuant to Regulations 33(2) (b) & (c), an annual report must include: “a report for the year on compliance with the Act, these regulations, the licence and any relevant statement of environmental objectives;” and

“a statement concerning any action to rectify non compliance with obligations imposed by the Act, these regulations or the licence, and to minimise the likelihood of recurrence of any such non-compliances.”

There were no instances during Year 5 of the GEL 99 Licence in which Geodynamics failed to comply with the requirements of the Licence, the regulations of the Petroleum Act 2000, or the objectives of the SEOs under which it conducted its field operations are discussed below.

Licence Conditions Non-Compliance

There were no instances during Year 5 of the GEL 99 licence in which Geodynamics failed to comply with the Petroleum Act or the conditions of the Licence.

Regulatory Non-Compliance

There were no instances during Year 5 of the GEL 99 licence in which Geodynamics failed to comply with the Regulations of the Petroleum Act 2000.

Compliance with Statements of Environmental Objectives

There were no instances during Year 5 of the GEL 99 Licence in which Geodynamics failed to comply with the environmental objectives specified in either the :

- “Statement of Environmental Objectives for **Drilling and Well Operations** in the Cooper / Eromanga Basins – South Australia (SEO)“ , or the
- “Statement of Environmental Objectives : **Geophysical Operations** - for the Cooper / Eromanga Basin – South Australia (June 2006)”.

Management System Audits

Pursuant to Regulation 33(2) (d) under the Act, an annual report must include:

“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 actions that has, or will be taken”.

No management system audits were undertaken during the Licence Year in relation to the exploration activities

Report and Data Submissions

Pursuant to Regulation 33(2) (e) under the Act, an annual report must include:

“a list of all reports and data relevant to the operation of the Act generated by the licensee during the licence year”.

No reports and data were generated in relation to GEL 99 during Year 5 of the Licence.

Incidents

Pursuant to Regulation 33(2) (f), an annual report must include:
“in relation to any incidents reported to the Minister under the Act and these Regulations during the relevant licence year –

(i) an overall assessment and analysis of the incidents, including the identification and analysis of any trends that have emerged; and

(ii) an overall assessment of the effectiveness of any action taken to rectify non-compliance with obligations imposed by the Act, these regulations or the licence, or to minimise the risk of recurrence of any such non-compliance”.

There were no incidents arising from the operations on GEL 99 during the licence year.

Threat Prevention

Pursuant to Regulation 33(2) (g) under the Act, an annual report must include:

“a report on any reasonably foreseeable threats (other than threats previously reported on) that reasonably presents, 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”.

There are no threats foreseeable to any future exploration activities in GEL 99.

Future Work Program

Pursuant to Regulation 33(2) (h) under the Act, an annual report must include:

“unless the relevant licence year is the last year in which the licence is to remain in force – a statement outlining operations proposed for the ensuing year”.

As this is the final year of the Licence no future work program has been prepared.

In addition GEL 99 has now been replaced by GRL's 20-24.

5 Expenditure Statement

Pursuant to Regulation 33(3) under the Act, an annual report must contain:

“An annual report must be accompanied by a statement of expenditure on regulated activities conducted under the licence for the relevant licence year, showing expenditure under each of the following headings:

- a) drilling activities;*
- b) seismic activities;*
- c) technical evaluation and analysis;*
- d) other surveys;*
- e) facility construction and modification;*
- f) operating and administration expenses (not already covered under another heading)”.*

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