

PETROLEUM ACT 2000

Surrender of Geothermal Exploration Licences—GELs 251, 252, 256, 257, 258 and 259

NOTICE is hereby given that I have accepted the surrender of the abovementioned Geothermal Exploration Licences under the provisions of the Petroleum Act 2000, pursuant to delegated powers dated 28 March 2002, *Gazetted* 11 April 2002, page 1573.

No. of Licence	Licensees	Date of Surrender	Area in km ²	Reference
251	Granite Power Limited	10 July 2007	479	27/2/410
252	Granite Power Limited	10 July 2007	452	27/2/411
256	Granite Power Limited	10 July 2007	452	27/2/414
257	Granite Power Limited	10 July 2007	451	27/2/415
258	Granite Power Limited	10 July 2007	491	27/2/416
259	Granite Power Limited	10 July 2007	489	27/2/417

Description of Area—GEL 251

All that part of the State of South Australia, bounded as follows:

Commencing at a point being the intersection of latitude 29°42'00"S GDA94 and longitude 135°33'00"E GDA94, thence east to longitude 135°56'00"E GDA94, south to latitude 29°49'00"S GDA94, west to longitude 135°33'00"E GDA94 and north to the point of commencement.

Area: 479 m² approximately.

Description of Area—GEL 252

All that part of the State of South Australia, bounded as follows:

Commencing at a point being the intersection of latitude 29°49'00"S GDA94 and longitude 135°38'00"E GDA94, thence east to longitude 135°45'00"E GDA94, south to latitude 30°01'00"S GDA94, west to longitude 135°32'00"E GDA94, north to latitude 29°55'00"S GDA94, west to longitude 135°30'00"E GDA94, north to latitude 29°51'00"S GDA94, east to longitude 135°38'00"E GDA94 and north to the point of commencement.

Area: 452 m² approximately.

Description of Area—GEL 256

All that part of the State of South Australia, bounded as follows:

Commencing at a point being the intersection of latitude 28°18'00"S GDA94 and longitude 133°54'00"E GDA94, thence east to longitude 134°04'00"E GDA94, south to latitude 28°33'00"S GDA94, west to longitude 133°54'00"E GDA94 and north to the point of commencement.

Area: 452 m² approximately.

Description of Area—GEL 257

All that part of the State of South Australia, bounded as follows:

Commencing at a point being the intersection of latitude 28°30'00"S GDA94 and longitude 135°28'00"E GDA94, thence east to longitude 135°38'00"E GDA94, south to latitude 28°45'00"S GDA94, west to longitude 135°28'00"E GDA94 and north to the point of commencement.

Area: 451 m² approximately.

Description of Area—GEL 258

All that part of the State of South Australia, bounded as follows:

Commencing at a point being the intersection of latitude 29°28'20"S GDA94 and longitude 134°30'00"E GDA94, thence east to longitude 134°43'00"E GDA94, south to latitude 29°35'00"S GDA94, east to longitude 134°47'00"E GDA94, south to latitude 29°41'00"S GDA94, west to longitude 134°34'00"E GDA94, north to latitude 29°35'00"S GDA94, west to longitude 134°30'00"E GDA94 and north to the point of commencement.

Area: 491 m² approximately.

Description of Area—GEL 259

All that part of the State of South Australia, bounded as follows:

Commencing at a point being the intersection of latitude 28°28'53"S GDA94 and longitude 133°30'53"E GDA94, thence east to longitude 133°42'07"E GDA94, south to latitude 28°43'21"S GDA94, west to longitude 133°30'53"E GDA94 and north to the point of commencement.

Area: 489 m² approximately.

Dated 10 August 2007.

C. D. COCKSHELL,
Acting Director Petroleum and Geothermal
Minerals and Energy Resources
Primary Industries and Resources SA
Delegate of the Minister for Mineral Resources Development

Petroleum Act 2000

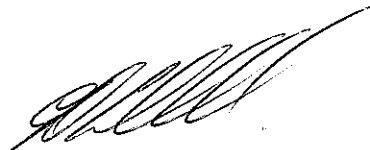
SURRENDER OF GEOTHERMAL EXPLORATION LICENCES

GELs 251, 252, 256, 257, 258 and 259

I, CYRIL DAVID COCKSHELL, Acting Director Petroleum and Geothermal, Minerals and Energy Resources, Department of Primary Industries and Resources, in the State of South Australia, pursuant to the provisions of section 89(2) of the *Petroleum Act 2000* and all other enabling powers, for and on behalf of Paul Holloway, Minister for Mineral Resources Development (Minister), pursuant to delegated powers dated 28 March 2002, Gazetted 11 April 2002, page 1573 –

- (a) hereby accept the surrender of Geothermal Exploration Licences – GELs 251, 252, 256, 257, 258 and 259, in the name of Granite Power Limited, with effect from and including 10 August 2007.

Dated: 10 August 2007



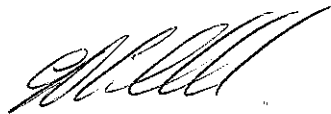
**C. D. COCKSHELL
A/Director Petroleum and Geothermal
Minerals and Energy Resources
Primary Industries and Resources SA
Delegate of the Minister for Mineral Resources
Development**

Petroleum Act 2000
S.115

MEMORANDUM

GEOHERMAL EXPLORATION LICENCES
GELs 251, 252, 256, 257, 258 and 259

1. Surrender of the above-mentioned Geothermal Exploration Licences, with effect from 10 August 2007 is hereby entered on the public register.



C. D. COCKSHELL
A/Director Petroleum and Geothermal
Minerals and Energy Resources
Primary Industries and Resources SA
Delegate of the Minister for Mineral Resources
Development

Date: 10 August 2007

Ref: 27/2/410
27/2/411
27/2/414
27/2/415
27/2/416
27/2/417

Petroleum Act 2000
S.115

MEMORANDUM

**GEOHERMAL EXPLORATION LICENCES
GEL 207, GEL 251 AND GEL 252**

1. Notation of change of company name –

From: Proactive Energy Developments Limited
To: Granite Power Limited

is hereby entered on the public register of licences.



**ELINOR ALEXANDER
A/Director Petroleum and Geothermal
Minerals and Energy Resources
Primary Industries and Resources SA
Delegate of the Minister for Mineral Resources
Development**

Date: 3 April 2007

File: 27/2/336
27/2/410
27/2/411

KEVIN LYNN
11 Rodborough Avenue
NORTH SYDNEY NSW 2060



Certificate of Registration on Change of Name



This is to certify that

PROACTIVE ENERGY DEVELOPMENTS LTD

Australian Company Number 112 714 440

did on the nineteenth day of February 2007 change its name to

GRANITE POWER LIMITED

Australian Company Number 112 714 440

The company is a public company.

The company is limited by shares.

The company is registered under the Corporations Act 2001 and is taken to be registered in New South Wales and the date of commencement of registration is the thirty-first day of January, 2005.

Issued by the
Australian Securities and Investments Commission
on this nineteenth day of February, 2007.

A handwritten signature in black ink, appearing to read 'Jeffrey Lucy'.

Jeffrey Lucy
Chairman

CERTIFICATE

PETROLEUM ACT 2000

Grant of Geothermal Exploration Licences—GEL 251 and GEL 252

NOTICE is hereby given that the undermentioned Geothermal Exploration Licences have been granted under the provisions of the Petroleum Act 2000, pursuant to delegated powers dated 28 March 2002, *Gazetted* 11 April 2002, page 1573.

No. of Licence	Licensees	Locality	Expiry
GEL 251	Proactive Energy Developments Ltd	Arckargina Basin, South Australia	16 October 2011
GEL 252	Proactive Energy Developments Ltd	Arckargina Basin, South Australia	16 October 2011

Description of Area—GEL 251

All that part of the State of South Australia, bounded as follows:

Commencing at a point being the intersection of latitude 29°42'00"S GDA94 and longitude 135°33'00"E GDA94, thence east to longitude 135°56'00"E GDA94, south to latitude 29°49'00"S GDA94, west to longitude 135°33'00"E GDA94 and north to the point of commencement.

Area: 479 km² approximately.

Description of Area—GEL 252

All that part of the State of South Australia, bounded as follows:

Commencing at a point being the intersection of latitude 29°49'00"S GDA94 and longitude 135°38'00"E GDA94, thence east to longitude 135°45'00"E GDA94, south to latitude 30°01'00"S GDA94, west to longitude 135°32'00"E GDA94, north to latitude 29°55'00"S GDA94, west to longitude 135°30'00"E GDA94, north to latitude 29°51'00"S GDA94, east to longitude 135°38'00"E GDA94 and north to the point of commencement.

Area: 452 km² approximately.

Dated 17 October 2006.

B. A. GOLDSTEIN, Director Petroleum and Geothermal
Minerals and Energy Resources
Primary Industries and Resources SA
Delegate of the Minister for Mineral Resources Development

**Petroleum Act 2000
S.115**

MEMORANDUM

**GEOHERMAL EXPLORATION LICENCES
GEL 251 AND GEL 252**

1. These Licences granted on 17 October 2006 are hereby entered on the public register.
2. Interests in the licence are:-

Proactive Energy Developments Limited 100%



**BARRY A. GOLDSTEIN
Director Petroleum and Geothermal
Minerals and Energy Resources
Primary Industries and Resources SA
Delegate of the Minister for Mineral Resources
Development**

Date: 17 October 2006

Ref: 27/2/410
27/2/411

PETROLEUM ACT 2000

GEOHERMAL EXPLORATION LICENCE

GEL 252

I, BARRY ALAN GOLDSTEIN, Director Petroleum, Minerals and Energy Division, Primary Industries and Resources, in the State of South Australia pursuant to the provisions of the *Petroleum Act 2000* and all other enabling powers, for and on behalf of Paul Holloway, Minister for Mineral Resources Development (Minister), pursuant to delegation dated 28 March 2002, (refer Government Gazette dated 11 April 2002 page 1573), HEREBY GRANT to:

Proactive Energy Developments Ltd

ACN: 112 714 440

(hereinafter referred to as the Licensees) an Exploration Licence in relation to a source of geothermal energy in respect of the area set out below, to have effect for a period of five years and to expire on 16 OCT 2011 2011 but carrying the right of renewal under the *Petroleum Act 2000*. 676

DESCRIPTION OF AREA

The land comprised in this licence is that part of the State of South Australia described in the Schedule hereto:

CONDITIONS

1. During the term of the licence, the Licensees shall carry out or cause to be carried out, exploratory operations on the area comprised in the licence in accordance with such work programs as are approved by the Minister from time to time. Year one exploratory operations are guaranteed, and any subsequent licence year work program becomes guaranteed upon entry into any such licence year. These exploratory operations shall include but not necessarily be limited to:-

Year of Term of Licence	Minimum Work Requirements
One	<ul style="list-style-type: none">• Geological and geophysical studies.
Two	<ul style="list-style-type: none">• Geological and geophysical studies.• Deepening of existing stratigraphic hole to 1000 metres.
Three	<ul style="list-style-type: none">• Conduct down-hole seismic induction probes, cross-well tomography, and gamma, resistivity and temperature logging.• Test the temperature gradient in one existing deep drill hole.
Four	<ul style="list-style-type: none">• Drill one pilot hole to 2000 metres.• Construct pilot plant.
Five	<ul style="list-style-type: none">• Construction of a 25MW pilot power station.

2. The Licensees must take all reasonable precautions to minimise the risks of its activities resulting in a significant loss of petroleum reserves or a significant reduction in the recovery of petroleum reserves.
3. The Licensees must:
 - (a) upon commencement of regulated activities under this licence, maintain in force during the term of this licence public liability insurance to cover regulated activities under this licence (including sudden and accidental pollution) in the name of the Licensee for a sum not less than twenty million dollars (\$20,000,000.00) or such greater sum as specified by the Minister and make such amendments to the terms and conditions of the insurance as the Minister may from time to time require;
 - (b) maintain in force during the drilling of any well or operation in any well, control of well insurance in the name of the Licensees for a sum not less than ten million dollars (\$10,000,000.00) or such greater sum as specified by the Minister and make such amendments to the terms and conditions of the insurance as the Minister may from time to time require;
 - (c) upon request by the Minister, provide the Minister with a cover note or certificate of currency of each insurance policy referred to in paragraphs (a) and (b).
4. The Minister in specifying the levels of insurance accepts no liability for the completeness of their listing, the adequacy of the sum insured, the limit of liability, the scoped coverage, the conditions or exclusions of these insurances in respect to how they may or may not respond to any loss, damage or liability.
5. The Licensees will ensure, when preparing an Environmental Impact Report under Part 12 of the *Petroleum Act 2000*, that the report also includes an assessment of the potential economic consequences for other licensees under the *Petroleum Act 2000* or *Mining Act 1971* and owners of land, arising out of proposed regulated activities to be carried out in the licence area.
6. The Licensees must keep confidential any measurements made in a well which would enable the estimation of petroleum reserves ("Confidential Information") and must not disclose the Confidential Information without first obtaining the written consent of the licensee of the overlapping compatible licence, unless:
 - (a) it is a disclosure required under the Act, this licence or any other law;
 - (b) it is a disclosure which is for the purposes of prosecuting or defending any legal proceedings; or
 - (c) it is information which is or becomes public knowledge other than by breach of this licence condition.
7. A contract or agreement entered into by the licensees to transfer or accept liability for any well or facility constructed for the purpose of undertaking a regulated activity under the *Petroleum Act 1940* or *2000* cannot transfer, limit or exclude liability under the *Petroleum Act 2000* unless written consent of the Minister is obtained.
8. In the event that the Licensees during any year of the term of this licence (a year being the period of twelve calendar months ending on the anniversary of the date upon which the licence comes into force) fails to comply with the work program

requirements of this licence, it is an express term of this licence that the Minister then may use discretion to either cancel this licence or authorise such variation to these requirements as the Minister thinks fit.

9. The Licensees shall during periods determined by the Minister, lodge and maintain with the Minister, for the satisfaction of obligations arising under the Act or this licence, a security of \$50,000 (fifty thousand dollars) or such greater sum as specified by the Minister from time to time.

("the Security").

- 9.1 The Security shall be lodged in the form of either;

- (a) cash; or
(b) an unconditional, irrevocable bank guarantee or letter of credit in a form, and from a financial institution, approved by the Minister,

- 9.2 Interest will not be payable by the Minister to the Licensees on any cash Security.

- 9.3 All charges incurred by the Licensees in obtaining and maintaining the Security, shall be met by the Licensees.

- 9.4 If upon expiry, this Licence is not renewed and the Minister is satisfied that there are no further obligations under this Licence or the Act, the Minister will return the Security to the Licensees.

Date: 17 October.....2006



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BARRY A. GOLDSTEIN
Director Petroleum and Geothermal
Minerals and Energy Resources
Primary Industries and Resources SA
Delegate of the Minister for Mineral Resources Development

Signed by the said LICENSEE

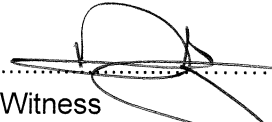
Date: 11 October2006


.....
Authorised Representative

DAVID HANLEY
.....
Name

MANAGING DIRECTOR
.....
Position

PROACTIVE ENERGY DEVELOPMENTS LTD
.....
Company


.....
Witness

KEVIN LYNN
.....
Name

COMPANY SECRETARY
.....
Position

PROACTIVE ENERGY DEVELOPMENTS LTD
.....
Company

GEOHERMAL EXPLORATION LICENCE

GEL 252

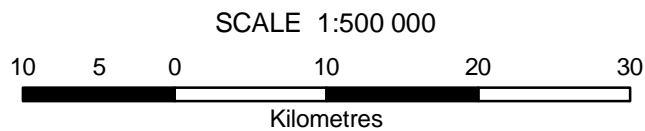
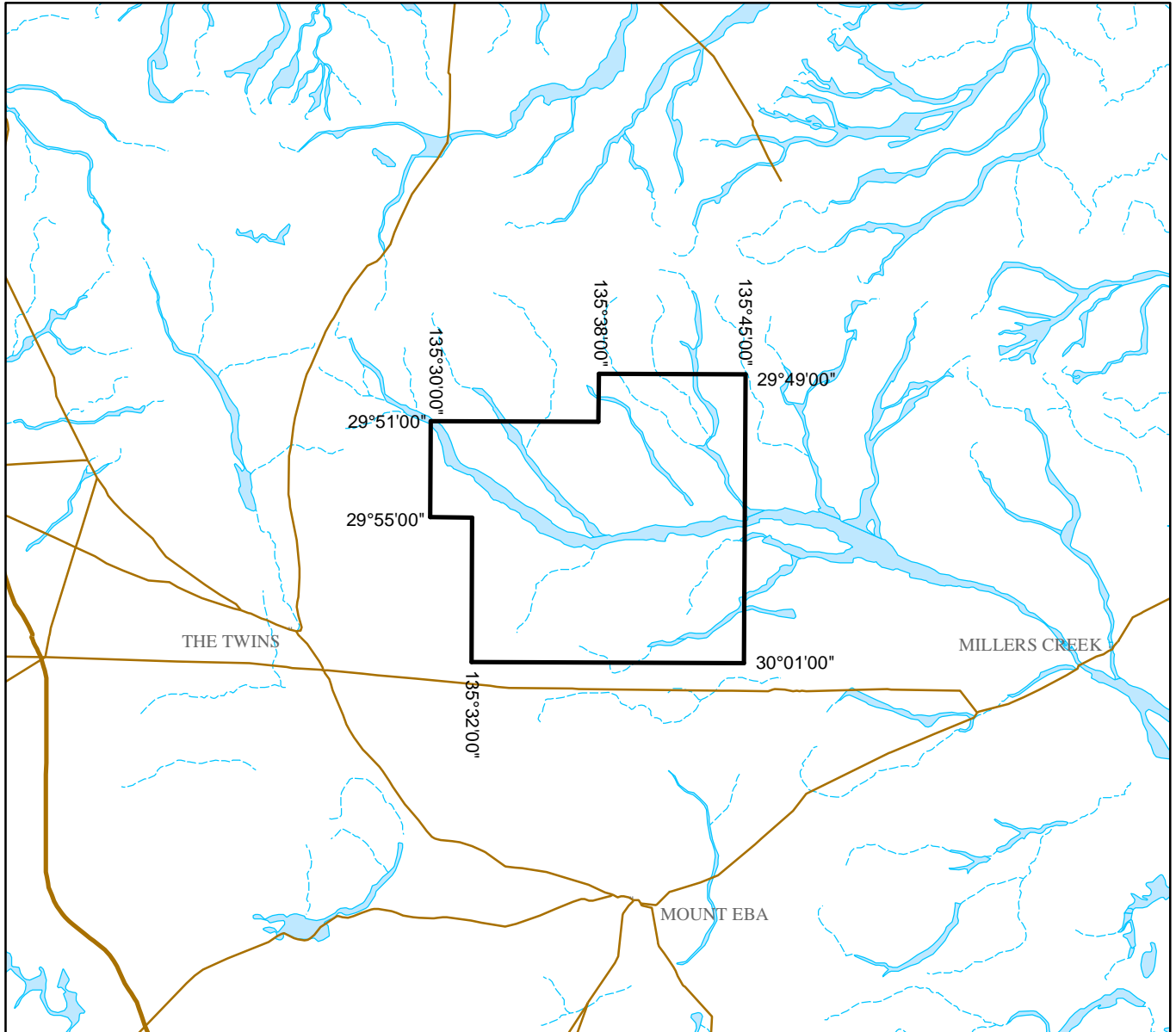
THE SCHEDULE

Description of Area

All that part of the State of South Australia, bounded as follows:-

Commencing at a point being the intersection of latitude 29°49'00"S GDA94 and longitude 135°38'00"E GDA94, thence east to longitude 135°45'00"E GDA94, south to latitude 30°01'00"S GDA94, west to longitude 135°32'00"E GDA94, north to latitude 29°55'00"S GDA94, west to longitude 135°30'00"E GDA94, north to latitude 29°51'00"S GDA94, east to longitude 135°38'00"E GDA94, and north to the point of commencement.

AREA: **452** square kilometres approximately.



Note: There is no warranty that the boundary of this licence is correct in relation to other features of the map. The boundary is to be ascertained by reference to the Geocentric Datum of Australia (GDA94) and the schedule.

THE PLAN HEREINBEFORE REFERRED TO

GEOHERMAL EXPLORATION LICENCE NO: 252

