

PETROLEUM AND GEOTHERMAL ENERGY ACT 2000

Surrender of Geothermal Exploration Licences—GELs 296, 304, 305, 306, 307 and 350

NOTICE is hereby given that I have accepted surrender of the abovementioned Geothermal Exploration Licences under the provisions of the Petroleum and Geothermal Energy Act 2000, pursuant to delegated powers dated 1 October 2009:

No. of Licence	Licensee	Locality	Date of Surrender	Reference
GEL 296	Callabonna Energy Pty Limited	Arrowie Basin, South Australia	6.3.2011	27/2/463
GEL 304				27/2/472
GEL 305				27/2/473
GEL 306				27/2/474
GEL 307				27/2/475
GEL 350				27/2/511

*Description of Areas**GEL 296*

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 139°42'00"E GDA94, thence east to longitude 140°06'00"E GDA94, south to latitude 29°48'00"S GDA94, west to longitude 140°05'00"E GDA94, south to latitude 29°49'00"S GDA94, west to longitude 139°42'00"E GDA94, and north to the point of commencement.

Area: 497 km² approximately.

GEL 304

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 140°06'00"E GDA94, thence east to longitude 140°14'00"E GDA94, south to latitude 30°00'00"S GDA94, west to longitude 140°04'00"E GDA94, north to latitude 29°49'00"S GDA94, east to longitude 140°05'00"E GDA94, north to latitude 29°48'00"S GDA94, east to longitude 140°06'00"E GDA94, and north to the point of commencement.

Area: 497 km² approximately.

GEL 305

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 140°14'00"E GDA94, thence east to longitude 140°21'00"E GDA94, south to latitude 29°49'00"S GDA94, east to longitude 140°24'00"E GDA94, south to latitude 30°00'00"S GDA94, west to longitude 140°14'00"E GDA94, and north to the point of commencement.

Area: 473 km² approximately.

GEL 306

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 140°24'00"E GDA94, thence east to longitude 140°40'00"E GDA94, south to latitude 29°58'00"S GDA94, west to longitude 140°24'00"E GDA94, and north to the point of commencement.

Area: 428 km² approximately.

GEL 307

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

Commencing at a point being the intersection of latitude 29°58'00"S GDA94 and longitude 140°24'00"E GDA94, thence east to longitude 140°40'00"E GDA94, south to latitude 30°10'00"S GDA94, west to longitude 140°27'00"E GDA94, north to latitude 30°00'00"S GDA94, west to longitude 140°24'00"E GDA94, and north to the point of commencement.

Area: 481 km² approximately.

GEL 350

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

Commencing at a point being the intersection of latitude 29°37'00"S GDA94 and longitude 140°21'00"E GDA94, thence east to longitude 140°32'00"E GDA94, south to latitude 29°43'00"S GDA94, east to longitude 140°36'00"E GDA94, south to latitude 29°45'00"S GDA94, east to longitude 140°39'00"E GDA94, south to latitude 29°49'00"S GDA94, west to longitude 140°21'00"E GDA94, and north to the point of commencement.

Area: 500 km² approximately.

Dated 25 May 2011.

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

Petroleum and Geothermal Energy Act 2000
S.115

MEMORANDUM

GEOHERMAL EXPLORATION LICENCES
GELs 296, 304, 305, 306, 307 and 350

1. Surrender of the abovementioned Geothermal Exploration Licences with effect from 6 March 2011 is hereby entered on the public register.



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

Date: 25 May 2011

Ref: 27/2/463 27/2/474
27/2/472 27/2/475
27/2/473 27/2/511

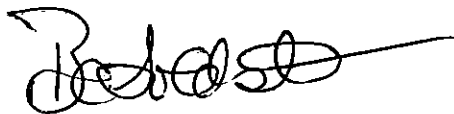
Petroleum and Geothermal Energy Act 2000

SURRENDER OF GEOTHERMAL EXPLORATION LICENCES GELs 296, 304, 305, 306, 307 and 350

I, BARRY ALAN GOLDSTEIN, Executive 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 and Geothermal Energy Act 2000* and all other enabling powers, for and on behalf of Tom Koutsantonis, Minister for Mineral Resources Development (Minister), pursuant to delegated powers dated 1 October 2011 –

- a) hereby accept surrender of Geothermal Exploration Licences – GELs 296, 304, 305, 306, 307 and 350 in the name of Callabonna Energy Pty Limited with effect from 6 March 2011.

Dated: 25 May 2011



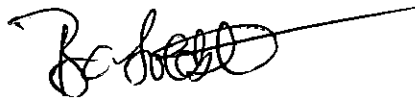
**BARRY A. GOLDSTEIN
Executive Director Petroleum and Geothermal
Minerals and Energy Resources
Primary Industries and Resources SA
Delegate of the Minister for Mineral Resources
Development**

**Petroleum and Geothermal Energy Act 2000
S.115**

MEMORANDUM

**GEOHERMAL EXPLORATION LICENCES
GELs 296, 304, 305, 306, 307 and 350**

1. Notation of discharge of security is hereby entered on the public register.



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

Date: 25 May 2011

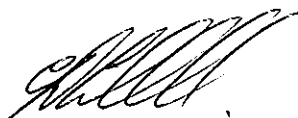
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27/2/472 27/2/475
27/2/473 27/2/511

**Petroleum and Geothermal Energy Act 2000
S.115**

MEMORANDUM

**GEOHERMAL EXPLORATION LICENCES
GELs 296, 304, 305, 306, 307 and 350**

1. Variation of licence conditions is hereby entered on the public register.



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

Date: 9 May 2011

Ref: 27/2/463
27/2/472
27/2/473
27/2/474
27/2/475
27/2/511

Petroleum and Geothermal Energy Act 2000

VARIATION OF GEOTHERMAL EXPLORATION LICENCES GELs 296, 304, 305, 306, 307 and 350

I, CYRIL DAVID COCKSHELL, Acting Executive Director Petroleum and Geothermal, Minerals and Energy Resources, Department of Primary Industries and Resources in the State of South Australia, pursuant to section 25 of the *Petroleum and Geothermal Energy Act 2000* and all other enabling powers, for and on behalf of Tom Koutsantonis, Minister for Mineral Resources Development (Minister), pursuant to delegated powers dated 1 October 2009, hereby vary the conditions of the above-mentioned licences, held by -

Callabonna Energy Pty Limited

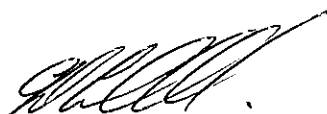
Condition 1 of the licence is omitted and the following substituted:

- “ 1. During the term of the licence, the Licensee 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 review. <i>Year 1 work program to be conducted anywhere within the boundaries of GELs 296, 304, 305, 306, 307 and 350</i>
Two	<ul style="list-style-type: none">• Re-processing and interpretation of 96 line km of seismic. <i>Year 2 work program to be conducted anywhere within the boundaries of GELs 296, 304, 305 306, 307 and 350</i>
Three	<ul style="list-style-type: none">• Geological and geophysical studies. <i>Year 3 work program to be conducted anywhere within the boundaries of GELs 296, 304, 305, 306, 307 and 350.</i>
Four	<ul style="list-style-type: none">• Geological and geophysical studies. <i>Year 4 work program to be conducted anywhere within the boundaries of GELs 296, 304, 305, 306, 307 and 350.</i>
Five	<ul style="list-style-type: none">• Drill 1 deep slim line test well up to a depth of 3,000m; and• Geological and geophysical studies. <i>Year 5 work program to be conducted anywhere within the boundaries of GELs 296, 304, 305, 306, 307 and 350.</i>

”

Dated: 9 May 2011



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

**Petroleum and Geothermal Energy Act 2000
S.115**

MEMORANDUM

**GEOHERMAL EXPLORATION LICENCES
GELs 296, 304, 305, 306, 307 and 350**

1. Variation of licence conditions is hereby entered on the public register.



**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: 26 May 2010

Ref: 27/2/463
27/2/472
27/2/473
27/2/474
27/2/475
27/2/511

Petroleum and Geothermal Energy Act 2000

VARIATION OF GEOTHERMAL EXPLORATION LICENCES GELs 296, 304, 305, 306, 307 and 350

I, BARRY ALAN GOLDSTEIN, Director Petroleum and Geothermal, Minerals and Energy Resources, Department of Primary Industries and Resources in the State of South Australia, pursuant to section 25 of the *Petroleum and Geothermal Energy 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 1 October 2009, hereby vary the conditions of the above-mentioned licences, held by -

Callabonna Energy Pty Limited

Condition 1 of the licence is omitted and the following substituted:

- “ 1. During the term of the licence, the Licensee 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 review. <i>Year 1 work program to be conducted anywhere within the boundaries of GELs 296, 304, 305, 306, 307 and 350</i>
Two	<ul style="list-style-type: none">Re-processing and interpretation of 96 line km of seismic. <i>Year 2 work program to be conducted anywhere within the boundaries of GELs 296, 304, 305 306, 307 and 350</i>
Three	<ul style="list-style-type: none">Drill 2 heat flow holes up to an aggregate depth of 700m; andGeological and geophysical studies. <i>Year 3 work program to be conducted anywhere within the boundaries of GELs 296, 304, 305, 306, 307 and 350.</i>
Four	<ul style="list-style-type: none">Geological and geophysical studies. <i>Year 4 work program to be conducted anywhere within the boundaries of GELs 296, 304, 305, 306, 307 and 350.</i>
Five	<ul style="list-style-type: none">Drill 1 deep slim line test well up to a depth of 3,000m; andGeological and geophysical studies. <i>Year 5 work program to be conducted anywhere within the boundaries of GELs 296, 304, 305, 306, 307 and 350.</i>

”

Dated: 26 May 2010



BARRY 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
GELs 296, 304, 305, 306, 307 & 350**

1. Variation of licence conditions is hereby entered on the public register.



**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: 22 July 2009

Ref: 27/2/463 27/2/474
27/2/472 27/2/475
27/2/473 27/2/511

Petroleum Act 2000

VARIATION OF GEOHERMAL EXPLORATION LICENCES GELs 296, 304, 305, 306, 307 & 350

I, BARRY ALAN GOLDSTEIN, Director Petroleum and Geothermal, Minerals and Energy Resources, Department of Primary Industries and Resources in the State of South Australia, pursuant to section 25 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, hereby vary the conditions of the above Geothermal Exploration Licences held by -

Callabonna Energy Pty Limited ACN 127 112 350

Condition 1 of the licence is omitted and the following substituted:

" During the term of the licence, the Licensee 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. <i>Year 1 work program to be conducted anywhere within the boundaries of GELs 296, 304, 305, 306, 307 and 350</i>
Two	<ul style="list-style-type: none">• 120 line km of magneto telluric survey;• Drill 5-10 drill holes at depths of 250-350m;• Down hole temperature and wireline logging; and• 3D modelling. <i>Year 2 work program to be conducted anywhere within the boundaries of GELs 296, 304, 305, 306, 307 and 350</i>
Three	<ul style="list-style-type: none">• Drill one test well to a depth of 1500m;• Measure geothermal gradient, conductivity and stress fields; and• Geological and geophysical studies. <i>Year 3 work program to be conducted anywhere within the boundaries of GELs 296, 304, 305, 306, 307 and 350</i>

Four	<ul style="list-style-type: none"> • Geological and geophysical studies; and • Commercial and development studies. <p><i>Year 4 work program to be conducted anywhere within the boundaries of GELs 296, 304, 305, 306, 307 and 350</i></p>
Five	<ul style="list-style-type: none"> • Deepen test well to 3,000m and convert to injection well; • Commence reservoir stimulation; and • Drill trial production well to 3,000 – 4,000m <p><i>Year 5 work program to be conducted anywhere within the boundaries of GELs 296, 304, 305, 306, 307 and 350</i></p>

..

Dated: 22 July 2009



BARRY 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
GELs 296, 304, 305, 306, 307 and 350**

1. Notation of receipt of security 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: 16 April 2008

Ref: 27/2/463
27/2/472
27/2/473
27/2/474
27/2/475
27/2/511

PETROLEUM ACT 2000

Grant of Geothermal Exploration Licences—GELs 296, 304, 305, 306, 307 and 350

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	Licensee	Locality	Area in km ²	Reference
GEL 296	Callabonna Energy Pty Ltd	Arrowie Basin	497	27/02/463
GEL 304	Callabonna Energy Pty Ltd	Arrowie Basin	497	27/02/472
GEL 305	Callabonna Energy Pty Ltd	Arrowie Basin	473	27/02/473
GEL 306	Callabonna Energy Pty Ltd	Arrowie Basin	428	27/02/474
GEL 307	Callabonna Energy Pty Ltd	Arrowie Basin	481	27/02/475
GEL 350	Callabonna Energy Pty Ltd	Arrowie Basin	500	27/02/511

Description of Area—GEL 296

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 139°42'00"E GDA94, thence east to longitude 140°06'00"E GDA94, south to latitude 29°48'00"S GDA94, west to longitude 140°05'00"E GDA94, south to latitude 29°49'00"S GDA94, west to longitude 139°42'00"E GDA94 and north to the point of commencement.

Area: 497 km² kilometres approximately.

Description of Area—GEL 304

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 140°06'00"E GDA94, thence east to longitude 140°14'00"E GDA94, south to latitude 30°00'00"S GDA94, west to longitude 140°04'00"E GDA94, north to latitude 29°49'00"S GDA94, east to longitude 140°05'00"E GDA94, north to latitude 29°48'00"S GDA94, east to longitude 140°06'00"E GDA94 and north to the point of commencement.

Area: 497 km² approximately.

Description of Area—GEL 305

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 140°14'00"E GDA94, thence east to longitude 140°21'00"E GDA94, south to latitude 29°49'00"S GDA94, east to longitude 140°24'00"E GDA94, south to latitude 30°00'00"S GDA94, west to longitude 140°14'00"E GDA94 and north to the point of commencement.

Area: 473 km² approximately.

Description of Area—GEL 306

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 140°24'00"E GDA94, thence east to longitude 140°40'00"E GDA94, south to latitude 29°58'00"S GDA94, west to longitude 140°24'00"E GDA94 and north to the point of commencement.

Area: 428 km² approximately.

Description of Area—GEL 307

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

Commencing at a point being the intersection of latitude 29°58'00"S GDA94 and longitude 140°24'00"E GDA94, thence east to longitude 140°40'00"E GDA94, south to latitude 30°10'00"S GDA94, west to longitude 140°27'00"E GDA94, north to latitude 30°00'00"S GDA94, west to longitude 140°24'00"E GDA94 and north to the point of commencement.

Area: 481 km² approximately.

Description of Area—GEL 350

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

Commencing at a point being the intersection of latitude 29°37'00"S GDA94 and longitude 140°21'00"E GDA94, thence east to longitude 140°32'00"E GDA94, south to latitude 29°43'00"S GDA94, east to longitude 140°36'00"E GDA94, south to latitude 29°45'00"S GDA94, east to longitude 140°39'00"E GDA94, south to latitude 29°49'00"S GDA94, west to longitude 140°21'00"E GDA94 and north to the point of commencement.

Area: 500 km² approximately.

Dated 7 March 2008.

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

GEOTHERMAL EXPLORATION LICENCE

GEL 296

I, BARRY ALAN GOLDSTEIN, Director Petroleum and Geothermal, Minerals and Energy Resources, 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:

Callabonna Energy Pty Limited
ACN 127 112 350

(hereinafter referred to as the Licensee) 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 6 MARCH 2013 but carrying the right of renewal under the *Petroleum Act 2000*. 

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 Licensee 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;• Drill 5-10 drill holes at depths of 250-350 metres; and• Airborne electromagnetic survey – 1000 line kilometres. <p><i>(Work program may be carried out anywhere within GELs 296, 304-307 and 350)</i></p>
Two	<ul style="list-style-type: none">• Conduct thermal probe measurements;• Acquire a single seismic line to test depth of cover.• Geological and geophysical studies; <p><i>(Work program may be carried out anywhere within GELs 296, 304-307 and 350)</i></p>
Three	<ul style="list-style-type: none">• Drill one test well to a depth of 1500 metres;• Measure geothermal gradient, conductivity and stress field; and• Geological and geophysical studies; <p><i>(Work program may be carried out anywhere within GELs 296, 304-307 and 350)</i></p>

Four	<ul style="list-style-type: none"> • Geological and geophysical studies; and • Commercial and development studies. <p><i>(Work program may be carried out anywhere within GELs 296, 304-307 and 350)</i></p>
Five	<ul style="list-style-type: none"> • Deepen test well and convert to injection well; • Commence reservoir stimulation <i>(Subject to adequate temperatures)</i>; and • Drill trial production well. <p><i>(Work program may be carried out anywhere within GELs 296, 304-307 and 350)</i></p>

2. The Licensee 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 Licensee 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 Licensee 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 Licensee 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 Licensee 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 licensee 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 Licensee 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 Licensee 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 Licensee on any cash Security.
 - 9.3 All charges incurred by the Licensee in obtaining and maintaining the Security, shall be met by the Licensee.
 - 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 Licensee.

Date: 7 March 2008



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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: 03 March 2008



Authorised Representative

Richard Edwards

Name

Company Secretary

Position

Callabonna Energy Pty Limited

Company

GEOTHERMAL EXPLORATION LICENCE

GEL 296

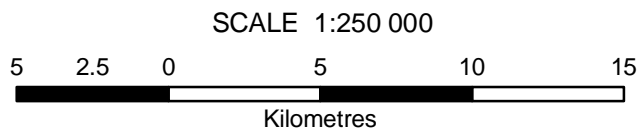
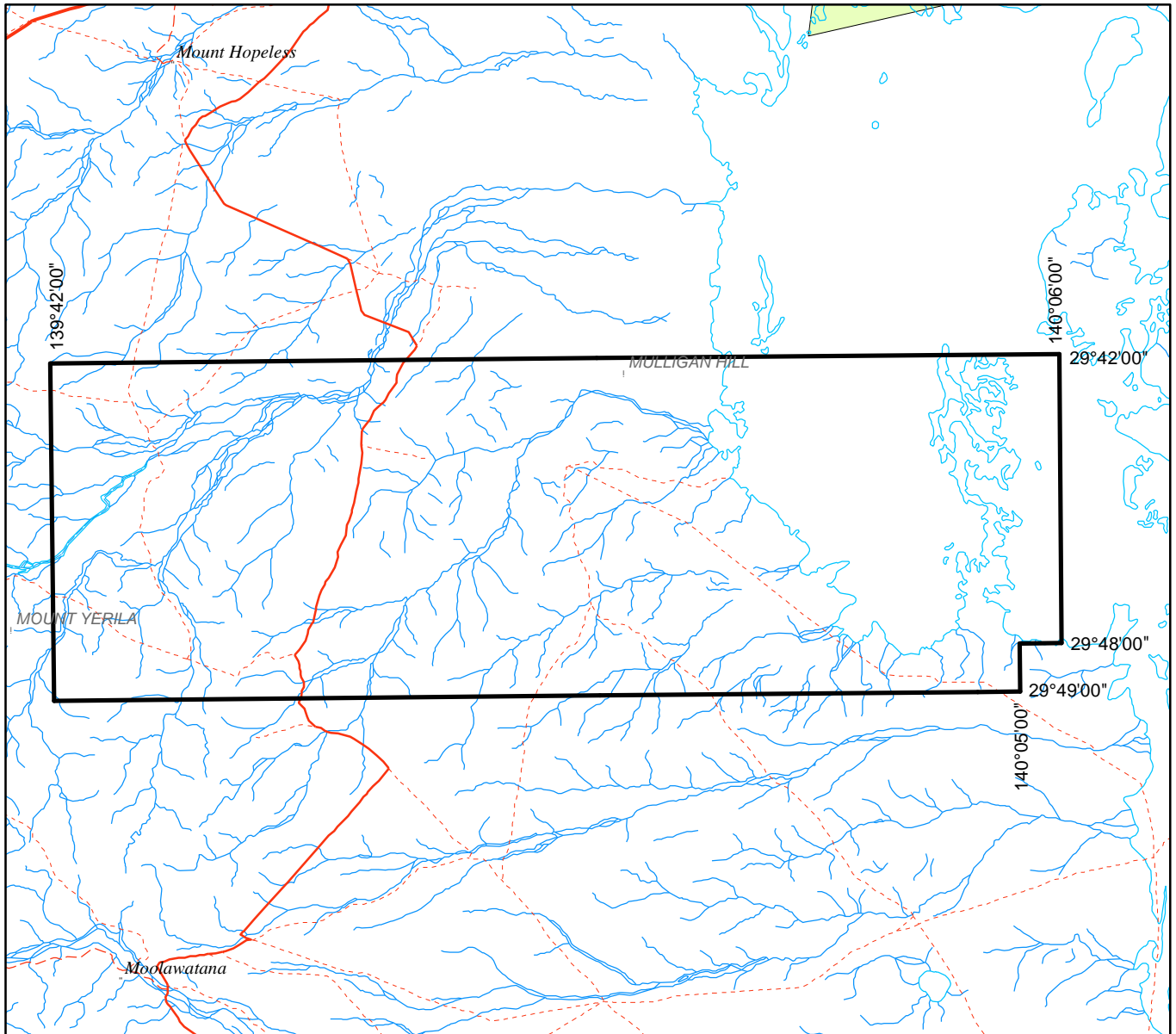
THE SCHEDULE

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°42'00"S GDA94 and longitude 139°42'00"E GDA94, thence east to longitude 140°06'00"E GDA94, south to latitude 29°48'00"S GDA94, west to longitude 140°05'00"E GDA94, south to latitude 29°49'00"S GDA94, west to longitude 139°42'00"E GDA94, and north to the point of commencement.

AREA: **497** 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: 296

