

Geothermal Exploration License 97 Annual Report for 2005

Introduction

GEL 97 was granted to South Australian Geothermal Energy Pty Ltd (SAGE) on 14th November 2001. On 8th May 2002 SAGE was acquired by Geodynamics Limited as a wholly owned subsidiary. On 9 October 2003 an assignment letter transferring the License into the name of Geodynamics Limited was completed. This was subsequently approved by the Delegate to the Minister for Resources Development on 27 November 2003.

In the year to 14 November 2006, no field activities were carried out in the GEL because all efforts were concentrated in the adjacent GEL 98 around the Habanero test site.

During the reporting year the previous years review of the existing seismic, gravity and magnetic data was continued.

More general analyses of commercial and economic aspects of hot fractured rock (HFR) development were progressed in relation to the GEL 98 activities, but relate equally to GEL 97.

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.

Manager, Logistics and Compliance 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

(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 area. An application to transfer the GEL into Geothermal Retention Licenses (low supervision) was made on 21 September 2006.

In the reporting year there will be considerable effort examining the economic viability of HFR development relating to the Habanero test site in GEL 98. The results of these studies should be equally valid for GEL 97 because of the almost identical geological conditions as far as is known.

Expenditure for year 5

Commercial in Confidence

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20-12-2006

