

PETROLEUM ACT 2000

Grant of Geothermal Exploration Licences—GELs 486, 487, 488, 489, 490 and 497

NOTICE is hereby given that the undermentioned Geothermal Exploration Licences have been granted with effect from and including 29 May 2009, 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 | Date of Expiry | Reference |
|----------------|---------------------|--------------------------------|----------------|-----------|
| GEL 486 | Deep Energy Limited | Arrowie Basin, South Australia | 28/05/2014 | 27/2/556 |
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| GEL 490 | Deep Energy Limited | Arrowie Basin, South Australia | 28/05/2014 | 27/2/556 |
| GEL 497 | Deep Energy Limited | Arrowie Basin, South Australia | 28/05/2014 | 27/2/559 |

Description of Area—GEL 486

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

Commencing at a point being the intersection of latitude 31°54'52"S GDA94 and longitude 139°20'07"E GDA94, thence east to longitude 139°30'36"E GDA94, south to latitude 32°11'11"S GDA94, west to longitude 139°20'07"E GDA94 and north to the point of commencement.

Area: 497 km² approximately.

Description of Area—GEL 487

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

Commencing at a point being the intersection of latitude 31°37'38"S GDA94 and longitude 139°20'07"E GDA94, thence east to longitude 139°38'00"E GDA94, south to latitude 31°44'00"S GDA94, east to longitude 139°41'00"E GDA94, south to latitude 31°46'43"S GDA94, west to longitude 139°20'07"E GDA94 and north to the point of commencement.

Area: 498 km² approximately.

Description of Area—GEL 488

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

Commencing at a point being the intersection of latitude 31°26'00"S GDA94 and longitude 139°20'07"E GDA94, thence east to longitude 139°34'00"E GDA94, south to latitude 31°36'00"S GDA94, east to longitude 139°36'00"E GDA94, south to latitude 31°37'00"S GDA94, east to longitude 139°38'00"E GDA94, south to latitude 31°37'38"S GDA94, west to longitude 139°20'07"E GDA94 and north to the point of commencement.

Area: 486 km² approximately.

Description of Area—GEL 489

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

Commencing at a point being the intersection of latitude 31°54'52"S GDA94 and longitude 139°30'36"E GDA94, thence east to longitude 139°41'00"E GDA94, south to latitude 32°11'11"S GDA94, west to longitude 139°30'36"E GDA94 and north to the point of commencement.

Area: 493 km² approximately.

Description of Area—GEL 490

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

Commencing at a point being the intersection of latitude 31°46'43"S GDA94 and longitude 139°20'07"E GDA94, thence east to longitude 139°41'00"E GDA94, south to latitude 31°54'52"S GDA94, west to longitude 139°20'07"E GDA94 and north to the point of commencement.

Area: 496 km² approximately.

Description of Area—GEL 497

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

Commencing at a point being the intersection of latitude 31°10'00"S GDA94 and longitude 139°20'07"E GDA94, thence east to longitude 139°30'00"E GDA94, south to latitude 31°26'00"S GDA94, west to longitude 139°20'07"E GDA94 and north to the point of commencement.

Area: 464 km² approximately.

Dated 29 May 2009.

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

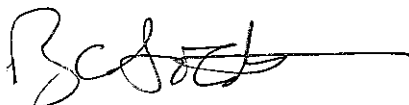
**Petroleum Act 2000
S.115**

MEMORANDUM

**GEOHERMAL EXPLORATION LICENCES
GELs 486, 487, 488, 489, 490 and 497**

1. These Licences granted with effect from and including 29 May 2009 are hereby entered on the public register.
2. Interests in the licences are:-

| | |
|---------------------|------|
| Deep Energy Limited | 100% |
|---------------------|------|
3. Notation of receipt of security 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: 29 May 2009

Ref: 27/2/556
27/2/559

PETROLEUM ACT 2000

GEOHERMAL EXPLORATION LICENCE

GEL 488

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:

Deep Energy Ltd ACN 126 086 600

(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 28 May 2014 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; and• Drill 5 test wells to depths of 200-500 metres. <i>(Work program may be carried out anywhere within GELs 486, 487, 488, 489, 490 and 497).</i> |
| Two | <ul style="list-style-type: none">• Geological and geophysical studies; and• Acquire 50 km of MT survey or 50 km of 2D seismic survey. <i>(Work program may be carried out anywhere within GELs 486, 487, 488, 489, 490 and 497).</i> |
| Three | <ul style="list-style-type: none">• Geological and geophysical studies. <i>(Work program may be carried out anywhere within GELs 486, 487, 488, 489, 490 and 497).</i> |
| Four | <ul style="list-style-type: none">• Drill one well to a depth of between 3000-4000 metres <i>(Work program may be carried out anywhere within GELs 486, 487, 488, 489, 490 and 497).</i> |
| Five | <ul style="list-style-type: none">• Geological and geophysical studies. <i>(Work program may be carried out anywhere within GELs 486, 487, 488, 489, 490 and 497).</i> |

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:..... 29 May 2009



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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 MAY 2009


Authorised Representative

JOHN RISINGER
Name

DIRECTOR
Position

DEEP ENERGY LTD
Company

GEOHERMAL EXPLORATION LICENCE

GEL 488

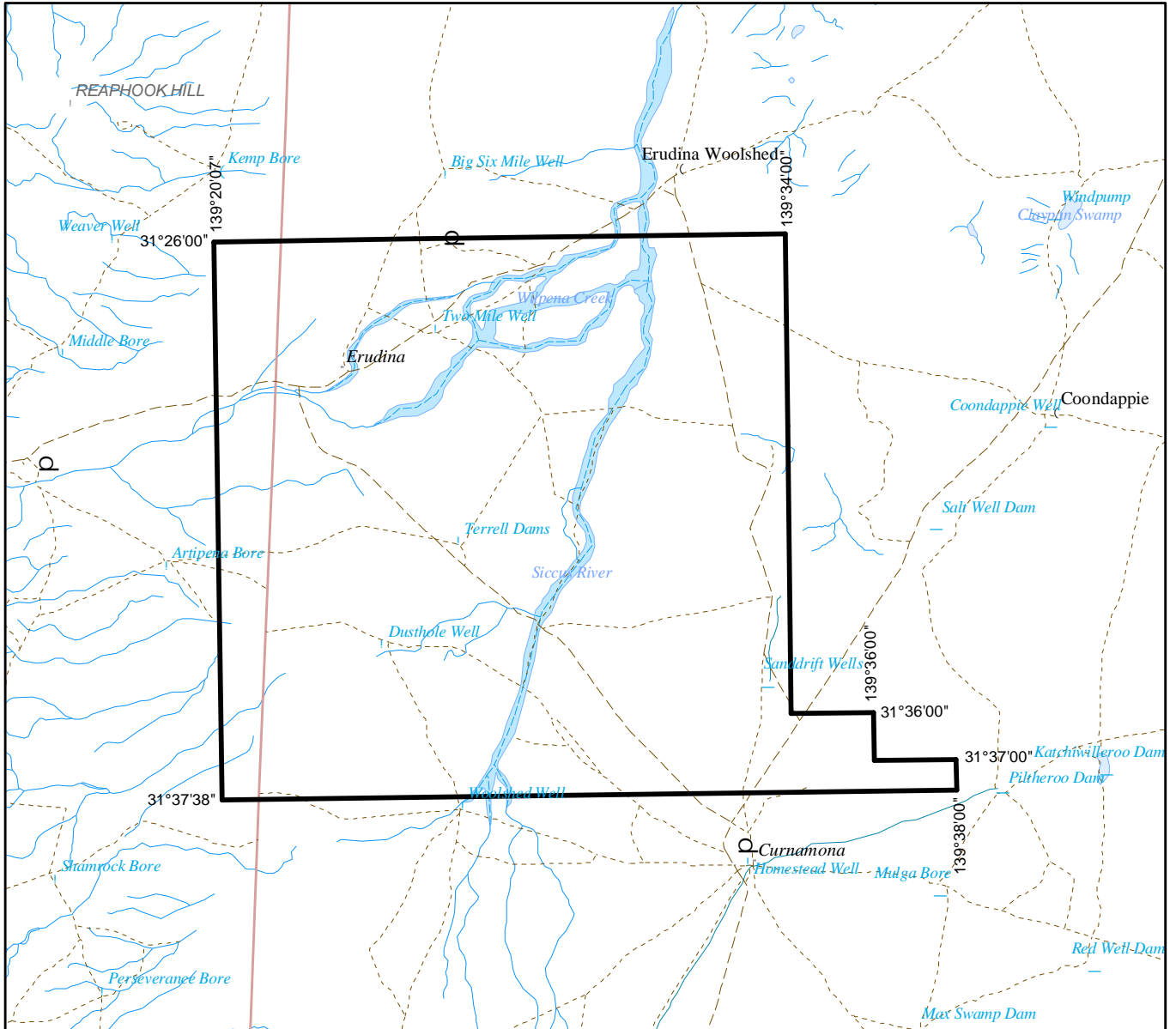
THE SCHEDULE

Description of Area

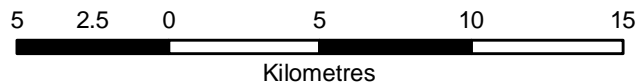
All that part of the State of South Australia, bounded as follows:-

Commencing at a point being the intersection of latitude 31°26'00"S GDA94 and longitude 139°20'07"E GDA94, thence east to longitude 139°34'00"E GDA94, south to latitude 31°36'00"S GDA94, east to longitude 139°36'00"E GDA94, south to latitude 31°37'00"S GDA94, east to longitude 139°38'00"E GDA94, south to latitude 31°37'38"S GDA94, west to longitude 139°20'07"E GDA94, and north to the point of commencement.

AREA: **486** square kilometres approximately.



SCALE 1:250 000



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
GEOTHERMAL EXPLORATION LICENCE NO: 488

