

Geothermal Exploration License 99 Annual Report for 2006 (Year 3)

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. As a result the end of year three of the license is 21 October 2006. Geodynamics acquired the tenement from Scopenergy on 23 May 2005, and in the reporting year to 21 October 2006 assessed studies of the previous work carried out by Scopenergy and reviewed existing drilling and geophysical data.

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 reports submitted.

(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.

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(h) Operations proposed for the ensuing year

Geodynamics does not intend to carry out Regulated Activities over the GEL, preferring to concentrate on the proving up of the hot fractured rock concept at the Habanero test site in GEL 98 (GRL application pending). If the opportunity arises, we will try to come to an agreement with Santos to temperature log one or more petroleum wells that have been drilled in the area.

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 valid for GEL 99.

Expenditure for year 3

Commercial in confidence

