



Granite Power Ltd

Annual Report

Licence Year 3

13 December 2009 to 12 December 2010

Geothermal Exploration Licence No. 291

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1 Introduction

Geothermal Exploration Licence No. 291 (Mount Gambier) (“GEL 291”) was granted on 13 December 2007, for a period of five years, to Granite Power Ltd (“GPL”) to explore for geothermal energy. The licence is located in the Mount Gambier area, overlying the Penola and Tantanoola Troughs. This report covers the third year of tenure from 13 December 2009 to 12 December 2010, in accordance with Regulation 33 of the Petroleum Act 2000.

2 Permit Summary

For the duration of the licence year, interests in GEL 291 were as follows:

- Granite Power Ltd 100%

The current work commitments (including all variations) associated with GEL 291 can be seen in Table 1.

Licence Year	Licence dates	Minimum Work Program
Year 1	13 December 2007 to 12 December 2008	Geological and geophysical studies
Year 2	13 December 2008 to 12 December 2009	Geological and geophysical studies
Year 3	13 December 2009 to 12 December 2010	Geological and geophysical studies
Year 4	13 December 2010 to 12 December 2011	Geological and geophysical studies
Year 5	13 December 2011 to 12 December 2012	Geological and geophysical studies; Drill one heat flow hole (or deepen existing hole for heat flow purposes) to depth of 1,000 metres; Undertake thermal conductivity measurements on sampled core and follow-up thermal modelling;

Table 1: Current work commitments by licence year

Year 3 concluded on 12 December 2010. The following table displays the minimum work program (after all variations) and the actual work completed as at the end of the current licence period.

Licence Year	Minimum Work Program	Actual Work
Year 1	Geological and geophysical studies	Geological and geophysical studies
Year 2	Geological and geophysical studies	Geological and geophysical studies
Year 3	Geological and geophysical studies	Geological and geophysical studies
Year 4	Geological and geophysical studies	
Year 5	Geological and geophysical studies; Drill one heat flow hole (or deepen existing hole for heat flow purposes) to depth of 1,000 metres; Undertake thermal conductivity measurements on sampled core and follow-up thermal modelling;	

Table 2: Final work program and work completed (as at end of current reporting period) by licence year

No suspensions currently apply to this licence.

3 Regulated Activities

Pursuant to Regulation 33(2)(a) under the Act, an annual report must include:

“a summary of the regulated activities conducted under the licence during the current reporting year.”

This information is detailed below in designated sections.

Drilling and Related Activities

No regulated activities undertaken in the licence reporting period.

Seismic Data Acquisition

No regulated activities undertaken in the licence reporting period.

Seismic Data Processing and Reprocessing

No regulated activities undertaken in the licence reporting period.

Geochemical, Gravity, Magnetic and other surveys

No regulated activities undertaken in the licence reporting period.

Production and Processing

No regulated activities undertaken in the licence reporting period.

Pipeline/Flowline Construction and Operation

No regulated activities undertaken in the licence reporting period.

Preliminary Survey Activities

No regulated activities undertaken in the licence reporting period.

4 Compliance Issues

Licence and Regulatory Compliance

Pursuant to Regulations 33(2) (b) & (c), an annual report must include:

“a report for the year on compliance with the Act, these regulations, the licence and any relevant statement of environmental objectives;” and

“a statement concerning any action to rectify non compliance with obligations imposed by the Act, these regulations or the licence, and to minimise the likelihood of recurrence of any such non-compliances.”

Detailed information on the individual instances of non-compliance are provided below in designated sections.

Licence Non-Compliance

No matters of non-compliance are noted for this reporting year.

Regulatory Non-Compliance

No.	Date	Activity	Details of Non-Compliance	Rectification of Non-Compliance
1	30 March 2011	Data Submission	Annual report submitted was initially presented in the wrong format.	Operator data processing guides revisited and updated to match PIRSA guidelines.

Table 3: List of regulatory non-compliances for current reporting year

Compliance with Statement of Environmental Objectives

There is no SEO currently associated with GEL 291.

Management System Audits

Pursuant to Regulation 33(2) (d) under the Act, an annual report must include:

“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 actions that has, or will be taken”.

There were no management system audits to submit this reporting year.

Report and Data Submissions

Pursuant to Regulation 33(2) (e) under the Act, an annual report must include:

“a list of all reports and data relevant to the operation of the Act generated by the licensee during the licence year”.

There are no external reports to submit in this reporting year.

Incidents

Pursuant to Regulation 33(2) (f), an annual report must include:

“in relation to any incidents reported to the Minister under the Act and these Regulations during the relevant licence year –

- (i) an overall assessment and analysis of the incidents, including the identification and analysis of any trends that have emerged; and*
- (ii) an overall assessment of the effectiveness of any action taken to rectify non-compliance with obligations imposed by the Act, these regulations or the licence, or to minimise the risk of recurrence of any such non-compliance”.*

No reportable incidents occurred.

Threat Prevention

Pursuant to Regulation 33(2) (g) under the Act, an annual report must include:

“a report on any reasonably foreseeable threats (other than threats previously reported on) that reasonably presents, 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”.

No threats have been identified.

Future Work Program

Pursuant to Regulation 33(2) (h) under the Act, an annual report must include:

“unless the relevant licence year is the last year in which the licence is to remain in force – a statement outlining operations proposed for the ensuing year”.

Proposed future operations for GEL 291 in Year 4 comprise further geological and geophysical studies.

5 Expenditure Statement

Pursuant to Regulation 33(3) under the Act, an annual report must contain:

“An annual report must be accompanied by a statement of expenditure on regulated activities conducted under the licence for the relevant licence year, showing expenditure under each of the following headings:

- a) drilling activities;*
- b) seismic activities;*
- c) technical evaluation and analysis;*
- d) other surveys;*
- e) facility construction and modification;*
- f) operating and administration expenses (not already covered under another heading)”.*

Please refer to Appendix 1 for the expenditure statement for the current reporting period.