

CLEAN ENERGY AUSTRALASIA Pty Ltd
ABN 30122645229



Annual Report

Licence Year 1

2 June 2008 – 1 June 2009

GELs 390 - 392

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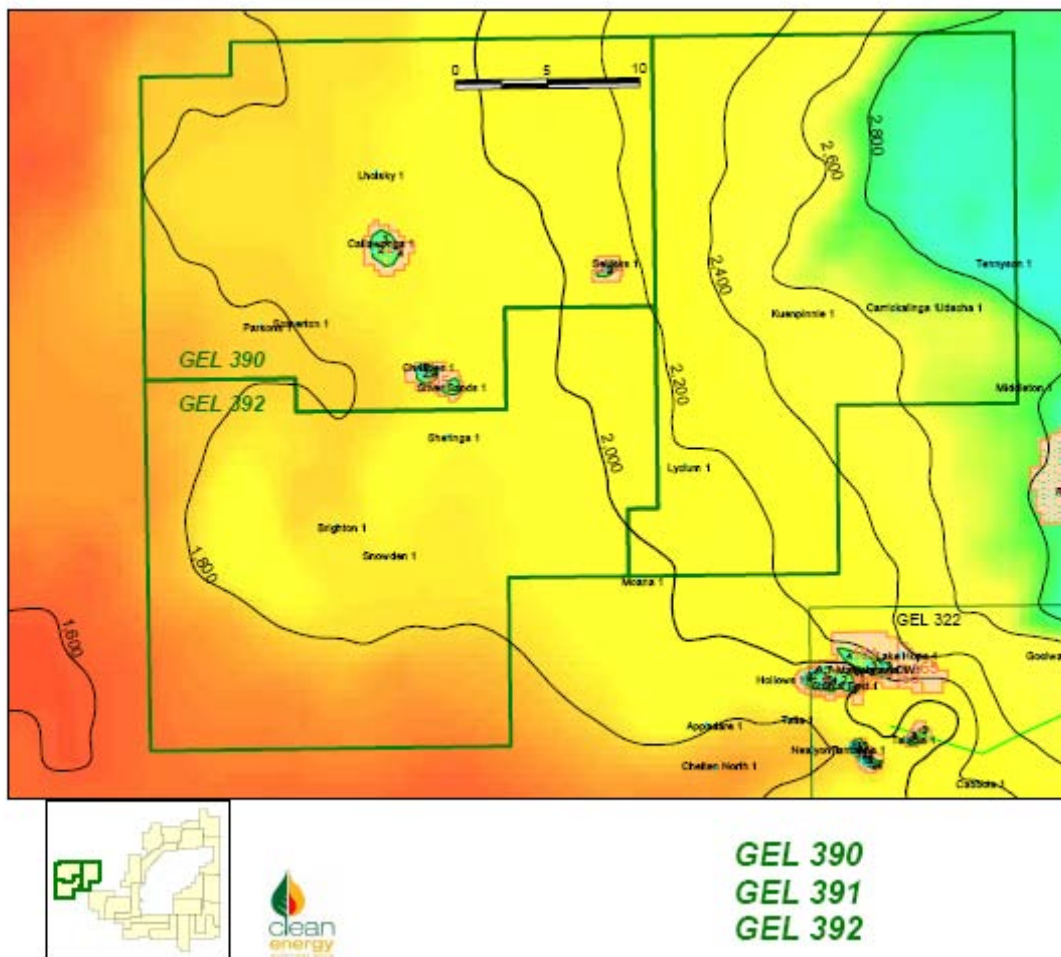
1 Introduction

GELs 390 - 392, three contiguous permits, were awarded to Clean Energy Australasia (CEA) on 2 June 2008. CEA is a private company formed in 2006. The three permits are located on the flanks of the Nappamerri Trough of the Cooper Basin in NE South Australia.

The area is considered to be highly prospective for geothermal resources because

a) High heat producing granites are known to exist from regional geological and geophysical mapping. This has been confirmed by the drilling of many petroleum wells where detailed temperature and other geophysical logging has been undertaken.

b) Sediments in the licenses vary from 1.5 to 3 km in thickness and provide thermal insulation. This means that high temperature rocks can be reached using conventional petroleum technology.



Location Map of GELs 390-392

Permit Summary

For the duration of the licence year, licensees for Geothermal Petroleum Exploration Licences (GELs 390 - 392) were:

- Clean Energy Australasia Pty Ltd 100%

The current work commitments (including all variations) associated with GELs 390 – 392 can be seen in Table 1.

Table 1 Current work commitments by licence year

| Licence Year | Licence dates | Minimum Work Program <i>(Years one to five work requirements may be conducted anywhere within the combined areas of GELs 390, 391 and 392)</i> |
|---------------------|-------------------------|--|
| Year 1 | 02-06-2008 - 01-06-2009 | <ul style="list-style-type: none"> • Geological and geophysical review |
| Year 2 | 02-06-2009 - 01-06-2010 | <ul style="list-style-type: none"> • Geological and geophysical review |
| Year 3 | 02-06-2010 - 01-06-2011 | <ul style="list-style-type: none"> • Geological and geophysical review • Measurement of detailed geothermal gradients in accessible well(s) • Design and plan a demonstration heat exchange plant • Commence/reprocess infill seismic, gravity and magnetic data (as required) |
| Year 4 | 02-06-2011 - 01-06-2012 | <ul style="list-style-type: none"> • Conduct shallow pilot drilling and measure detailed geothermal gradients, and/or re-enter and deepen existing well(s) and measure detailed geothermal gradients • Conduct heat exchange trial • Conduct/reprocess infill seismic, gravity and magnetic data (as required) • Geological and geophysical review |
| Year 5 | 02-06-2012 - 01-06-2013 | <ul style="list-style-type: none"> • Drill 1 deep well (3,000-4,000m) and/or deepen existing wells • Conduct heat exchange and power generation trial • Geological and geophysical review |

Licence Year 1 concluded on 1 June 2009. The following table displays the minimum work program (after all variations) and the actual work completed up until the end of the current licence period.

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

| Licence Year | Minimum Work Program | Actual Work |
|---------------------|---|-----------------------------------|
| Year 1 | <ul style="list-style-type: none"> • Geological and geophysical review | Geological and geophysical review |
| Year 2 | <ul style="list-style-type: none"> • Geological and geophysical review | - |
| Year 3 | <ul style="list-style-type: none"> • Geological and geophysical review | - |

| | | |
|--------|--|---|
| | <ul style="list-style-type: none"> • Measurement of detailed geothermal gradients in accessible well(s) • Design and plan a demonstration heat exchange plat • Commence/reprocess infill seismic, gravity and magnetic data (as required) | |
| Year 4 | <ul style="list-style-type: none"> • Conduct shallow pilot drilling and measure detailed geothermal gradients, and/or re-enter and deepen existing well(s) and measure detailed geothermal gradients • Conduct heat exchange trial • Conduct/reprocess infill seismic, gravity and magnetic data (as required) • Geological and geophysical review | - |
| Year 5 | <ul style="list-style-type: none"> • Drill 1 deep well (3,000-4,000m) and/or deepen existing wells • Conduct heat exchange and power generation trial • Geological and geophysical review | - |

2 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 licences reporting period

Seismic Data Acquisition

No regulated activities undertaken in the licences reporting period

Seismic Data Processing and Reprocessing

No regulated activities undertaken in the licences reporting period

Geochemical, Gravity, Magnetic and other surveys

No regulated activities undertaken in the licences reporting period

Geological and Geophysical

The main aspect of this work was an extension of the geological and geophysical review carried out in Year 1 for adjoining CEA permits GELs 267 -277 and in Year 2 for CEA permits GELs 316 - 324. Data sets used included:

NGMA ‘C’, ‘P’ and ‘Z’ Depth surfaces

PEPS SA Well Database

Open file PIRSA supplied seismic data

Warburton Basin GIS study

The focus of this review work was to define likely target areas for detailed temperature modelling and basement mapping.

3 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.”

No environmental incidents were reported during the permit year.

Licence Non-Compliance

Table 2 List of licence non-compliances for current reporting year

| No. | Stated Commitment | Reason for Non-Compliance | Rectification of Non-Compliance |
|-----|-------------------|---------------------------|---------------------------------|
| | | | Not applicable |

Regulatory Non-Compliance

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

| No. | Date | Activity | Details of Non-Compliance | Rectification of Non-Compliance |
|-----|------|----------|---------------------------|---------------------------------|
| | | | | Not applicable |

Compliance with Statement of Environmental Objectives

Table 4

| Objective | Assessment Criteria | Compliant/Non-Compliant (inc. Compliance statement) | Comments |
|-----------|---------------------|--|----------------|
| | | | Not applicable |

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”.

No management system audits were conducted during Year 1.

Report and Data Submissions

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

Not applicable

Table 5 List of report and data submissions during current licence reporting year

| Description of Report/Data | Date Due | Date Submitted | Compliant / Non-Compliant |
|----------------------------|----------|----------------|---------------------------|
| Not applicable | | | |

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”.*

Not applicable

Table 6 List of incidents during current licence reporting year

| Date of Incident | Activity | Incident Description | Type of Loss | Action to Rectify & Effectiveness of Action | Date Reported / Reported to Whom |
|-------------------------|-----------------|-----------------------------|---------------------|--|---|
| | | | | | |

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”.

There were no perceived threats and no action taken.

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”.

| Licence Year | Licence dates | Minimum Work Program <i>(Years one to five work requirements may be conducted anywhere within the combined areas of GELs 390, 391 and 392)</i> |
|--------------|-------------------------|---|
| Year 2 | 02-06-2009 - 01-06-2010 | <ul style="list-style-type: none">• Geological and geophysical review |

4 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)”.*

Commercial in Confidence.