

Roxby Geothermal Pty Ltd

Annual Report

Licence Year 2

18th May 2012 to 17th May 2013

Geothermal Exploration Licences 563, 564 & 565

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1 Introduction

Geothermal Exploration Licences (GEL's) 563, 564 and 565 were granted to Roxby Geothermal Pty Ltd on 18th May 2011. These contiguous licences are located south and west of Lake Torrens in central South Australia, and have a combined total area of approximately 8,905 km².

This report details the work conducted during Licence Year 2 of licences GEL 563, 564 and 565 (18th May 2012 – 17th May 2013 inclusive), in accordance with Regulation 33 of the *Petroleum and Geothermal Energy Act 2000*.

2 Permit Summary

For the duration of the licence year, the sole licensee for Geothermal Exploration Licences (GEL's) 563, 564 & 565 was Roxby Geothermal Pty Ltd.

The current work commitments (including all variations) associated with GEL's 563, 564 & 565 can be seen in Table 1.

Table 1 Current work commitments by licence year

Licence Year	Licence Dates	Minimum Work Program
Year 1	18 th May 2011 – 17 th May 2012	<ul style="list-style-type: none">▪ Geological and geophysical review (to be conducted anywhere within the boundaries of GEL's 563, 564 & 565)
Year 2	18 th May 2012 – 17 th May 2013	<ul style="list-style-type: none">▪ Geological and geophysical review (to be conducted anywhere within the boundaries of GEL's 563, 564 & 565)
Year 3	18 th May 2013 – 17 th May 2014	<ul style="list-style-type: none">▪ Geological and geophysical review (to be conducted anywhere within the boundaries of GEL's 563, 564 & 565)
Year 4	18 th May 2014 – 17 th May 2015	<ul style="list-style-type: none">▪ Drill 5 shallow wells, and▪ Geological and geophysical review (to be conducted anywhere within the boundaries of GEL's 563, 564 & 565)
Year 5	18 th May 2015 – 17 th May 2016	<ul style="list-style-type: none">▪ 100 km 2D seismic, and▪ Geological and geophysical review (to be conducted anywhere within the boundaries of GEL's 563, 564 & 565)

Licence Year 2 concluded on 18th May 2013. 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 (to be conducted anywhere within the boundaries of GEL's 563, 564 & 565) 	<i>Geological and Geophysical Review of Geothermal Exploration Licences 563, 564 and 565, South Australia – Report conducted by Hot Dry Rocks Pty Ltd</i>
Year 2	<ul style="list-style-type: none"> ▪ Geological and geophysical review (to be conducted anywhere within the boundaries of GEL's 563, 564 & 565) 	No regulated activities undertaken.
Year 3	<ul style="list-style-type: none"> ▪ Geological and geophysical review (to be conducted anywhere within the boundaries of GEL's 563, 564 & 565) 	Not applicable
Year 4	<ul style="list-style-type: none"> ▪ Drill 5 shallow wells, and ▪ Geological and geophysical review (to be conducted anywhere within the boundaries of GEL's 563, 564 & 565) 	Not applicable
Year 5	<ul style="list-style-type: none"> ▪ 100 km 2D seismic, and ▪ Geological and geophysical review (to be conducted anywhere within the boundaries of GEL's 563, 564 & 565) 	Not applicable

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 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.”

No instances of non-compliance with obligations imposed by the Act occurred during Year Two.

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 undertaken during Year Two.

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”.

Table 3 List of report and data submissions during current licence reporting year

Description of Report/Data	Date Due	Date Submitted	Compliant / Non-Compliant
Year 1 Annual Report	17 th July 2012	17 th July 2012	Compliant
Geological and Geophysics Review of Geothermal Exploration Licences 563, 564 and 565, South Australia (Commercial in Confidence)	17 th July 2012	17 th July 2012	Compliant

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 during Year Two.

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”.

Continuing financial market volatility has resulted in no regulated activities being undertaken within the GEL's in Year 2. Roxby Geothermal Pty Ltd has therefore formally requested that DMITRE allow deferment of Year 2 activities, and an amendment to the forward work program.

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”.

Exploration in Year 3 will continue with further geological and geophysical studies with a view to delineate areas of enhanced geothermal potential within the Roxby Geothermal Project area.

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.