



NEW WORLD ENERGY

SMART POWER, CLEAN FUTURE

New World Energy Limited
ACN: 64 125 744 005

GEL 352
Strzlecki Project

Annual Report - Year 1

25 August 2008 to 24 August 2009

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GEL 352 - Danggali
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1 INTRODUCTION

GEL 352 was granted to New World Energy Solutions Pty Ltd (now New World Energy Limited) on 25 August 2005. The company acquired the licence to assess its geothermal potential and proceed to the production of geothermal energy if subsequent exploration delineated a viable geothermal resource.

The licence is situated within the Cooper Basin in far northeastern South Australia. This project was targeted on the basis that it lies within an extensive basin-wide thermal anomaly with known high temperatures at relatively shallow depths (<4km). For example, temperatures in excess of 180°C have been recorded at a depth of approximately 3 km in certain parts of the Cooper Basin. The Cooper Basin is also host to Geodynamics' Innamincka project, which is located approximately 100 km northeast of GEL352.

2 WORK REQUIREMENTS

The work program negotiated for Year 1 by New World Energy Limited with Primary Industry and Resources South Australia (PIRSA) for GEL 352 was as follows:

Year of Licence	Work Program
1	<ul style="list-style-type: none"> • Geological and geophysical studies

3 WORK CONDUCTED

3.1 Geological and geophysical studies

During the first year of the licence New World energy compiled publically available geological and geophysical data for the licence and its surrounds and conducted a preliminary (unreported) prospectivity analysis.

Hot Dry Rocks Pty Ltd were contracted to undertake a geological assessment of the licence to assist New World Energy's prospectivity analysis. This was part of a larger analysis of all of New World Energy's licences in SA and WA. An extract of this report, covering information pertaining to GEL 352, has been provided in support of this annual report.

4 YEAR 1 EXPENDITURE

The following table outlines estimated expenditure during Year 1:

5 OPERATIONS PROPOSED FOR YEAR 2

The work program for Year 2 will focus on assessing the optimal location for drilling to determine heat flow and temperature and to assist with geological characterisation to aid targeting geothermal resources.

This will be achieved through sourcing and interpretation of available seismic data and field work to locate existing bores and wells to record down-hole temperature and other wire-line logging data.

It is envisaged that the results of this work will enable thermal modeling to be conducted across the license and to determine the optimal exploration technique for further analysis and testing.

Year of Licence	Proposed Work Program
2	<ul style="list-style-type: none"> • Further geological and geophysical studies • Seismic data collection and analysis • Down-hole (bore) data collection and analysis

6 COMPLIANCE WITH THE PETROLEUM ACT 2000 (REG. 33)

a) Summary of the regulated activities conducted during the licence year

New World Energy did not undertake any regulated activities as defined under the Petroleum Act in GEL 352 during the license year.

b) Report for the year on compliance with the Act, these regulations, the license and any relevant statement of environmental objectives.

As no regulated activities were undertaken many of the regulations are not relevant to current work activities. New World Energy has complied with all statutory obligations.

c) Actions taken to rectify non-compliance with obligations imposed by the Act, these regulations or the license, and to minimise the likelihood of recurrence of any such non-compliance.

New World Energy has complied with all obligations and has no breaches to report on.

d) Summarise any management system audits undertaken during the relevant licence year including any information on any failure or deficiency identified by the audit and any corrective actions that has, or will be, taken.

New World Energy has compiled thorough Safety and Environmental Management Systems and Policies that have been read and are understood by all employees. These management systems and their accompanying operating procedures are reviewed regularly to ensure that they comply with statutory obligations and meet the Companies high standards.

With the company's commitment to safety, the environment and harmonious relationships with local communities, our Systems and supporting documentation are under constant review. The Company is about to embark on a major audit and review of its systems ahead of conducting field work during 2010.

e) List all reports and data relevant to the operation of the Act generated by the licensee during the license year

No new data was generated during the year as work was largely confined to the collection and analysis of publically available data. Consequently, no new results were reported.

Hot Dry Rocks Pty Ltd conducted a geological review of GEL 352 as part of a review of all of New World Energy's geothermal tenure. Their report on the results of the review was still in preparation at the time of writing this report. However, the portion on GEL 352 is complete and an extract of the report in relation to GEL 352 has been forwarded to PIRSA in conjunction with this report.

Author	Title	Date	Activity	GEL	Submitted
Hot Dry Rocks Pty Ltd	Extract of a Review of the geothermal prospectivity of New World Energy's Australian geothermal tenure	In prep at Sept 2009	Analysis	352	Oct 2009

f) Report on any incidents reportable to the Minister under the Act and regulations during the relevant license year

No reportable incidents occurred during the year

g) Report on any reasonably foreseeable threats that reasonably present, or may present, a hazard to facilities or activities under license, and report on any corrective action that has, or will be taken

No threats have been identified

h) Operations imposed for the ensuing year

A discussion of the proposed work program for Year 2 of GEL 352 is presented in Section 5, above.