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Third Annual Report

Bollards Lagoon Play

GEL 169

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1. Introduction

1.1 Background

GEL169 is located south of Moomba in the Eromanga Basin on features related to the Cooper Basin model developed by Geodynamics Pty Ltd. Although it is outside the Cooper Basin depocentre there are significant sediment sections in the Tennapera Trough providing good thermal insulation for basement granites. In addition there is some evidence for regional lineaments providing a focus for fracturing and aquifer development in basement sections.

Modelling of data from open file sources predicts suitable temperature rocks at depths of 3-4km.

1.2 Licence Data

Geothermal Exploration Licence 169 (GEL169) was granted on 9th May 2005 with an initial term of five years over an area of 498km².

Figure 1 shows the licence location.

1.3 Period

In accordance with Section 33 of the Petroleum Regulations 2000, this report details work conducted during the third permit year of GEL 169.

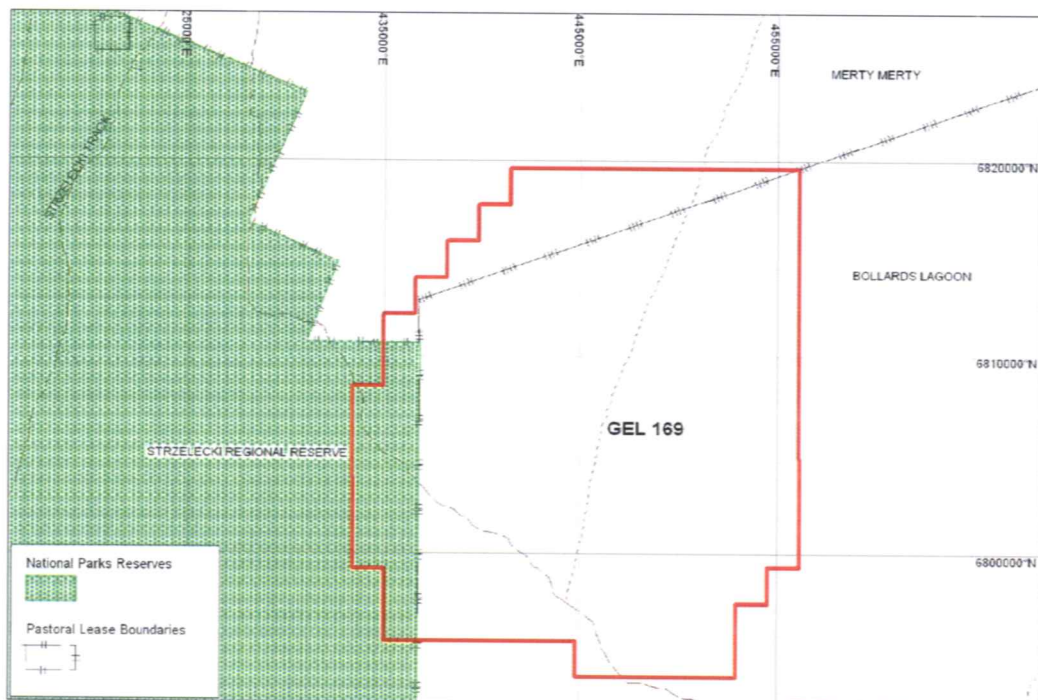


Figure 1 Location map of GEL 169

2. Work Requirements

The Year 3 work programme negotiated by Eden with PIRSA for GEL 169 comprised:

- Geological and geophysical reviews in an attempt to define basement lithology;
- Magnetotelluric survey and interpretations;
- Initial planning for preliminary exploration hole.

3. Work Conducted

Work conducted in year three consisted of acquisition of further public domain data, consolidation of existing data and retention of appropriate consultants to assist with the evaluation of the tenement. A geothermal assessment and review of open file seismic data was completed.

A Magnetotelluric (MT) survey was designed and conducted during the year, as it is believed that this geophysical method can provide a cost effective tool in working towards assessing the tenement with a view to suitable placement of drill hole(s) for heat flow assessment. The final interpretation of the MT data is still being awaited at the time of writing this report. This survey was planned to be conducted in the 2007 calendar year, however contractor delays meant that the acquisition did not occur until early 2008.

3.1 Geophysical Data Acquisition

The engagement of suitably qualified contractors to undertake the desired MT acquisition survey of GEL169 was finally achieved in early 2008. The survey was undertaken by Quantec Geoscience. A total of one line, nominally in a north-south orientation, was undertaken with a total of 13 sample locations being measured (Figure 2).

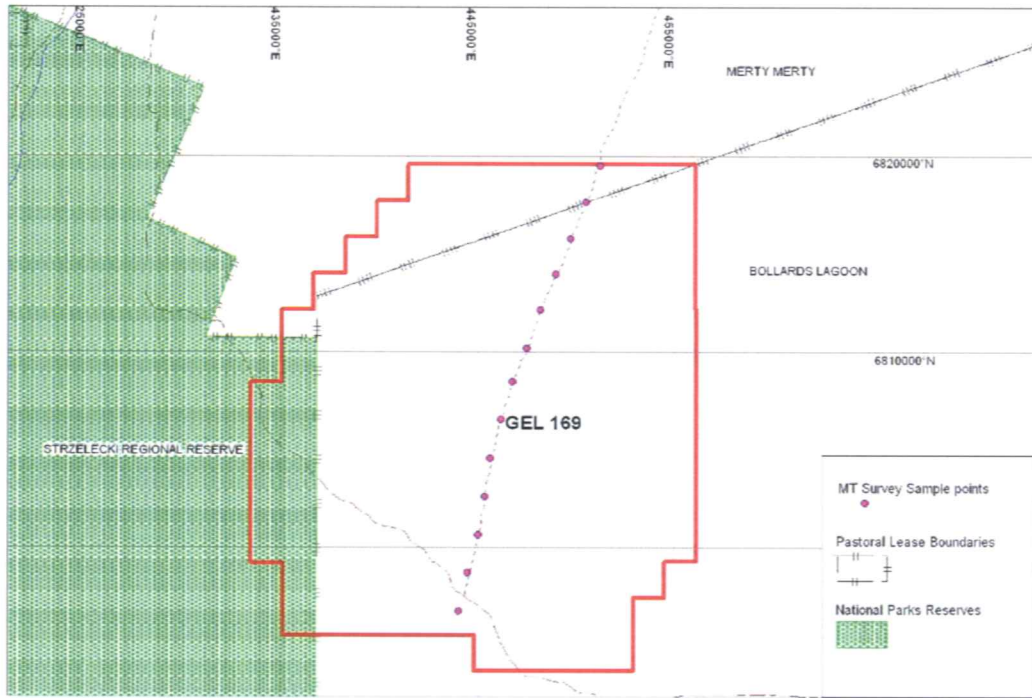


Figure 2 Location of MT sample points

3.2 Recommendations from MT Survey Results

At the time of writing this report the final interpretations have not yet been received from the geophysical contractor.

4. Year 3 Expenditure

5. Year Four Work Programme

Eden was to undertake reviews of the geology and geophysics of the Bollards Lagoon area in the first two years of the licence, with an aim to gaining a comprehensive understanding of the geology of the area and to plan a location for the drilling of a test hole to assess heat flow.

A revised work programme has been agreed with PIRSA. The year four work programme will involve:

- Interpretation of new MT data
- Integration of seismic interpretation and MT results;
- A preliminary feasibility study
- Planning for a deep test well for year five.

6. Compliance with the Petroleum Act (Reg. 33)

6.1 Summary of the regulated activities conducted under the licence during the year

Eden completed a Magnetotelluric survey.

6.2 Report for the year on compliance with the Act, these Regulations, the licence and any relevant Statement of Environmental Objectives

Eden has complied with all relevant sections of the Act and Regulations as they pertain to the regulated activities conducted during the year.

The relevant SEO for this activity is - *Statement of environmental objectives for ground geophysical operations (non-seismic) in South Australia.* PIRSA August 2007.

6.3 Statement concerning any action to rectify non-compliance with obligations imposed by the Act, these regulations or the license, and to minimise the likelihood of the recurrence of any such non-compliance

Eden recognises the importance of achieving regulatory compliance and is committed to achieving appropriate practices in its management strategies, work practices and procedures. Eden is committed to operating in an environmentally and socially responsible manner.

There were no instances of non compliance for this reporting period.

6.4 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

Eden is a new company and has developed appropriate systems and documentation to cover Field Operations, Environmental Management, Health and Safety issues and compliance checklists to ensure the requirements of relevant Acts and Regulations are met.

As these systems are newly developed and the work conducted to date has not shown any deficiencies in the systems, no management system audits have been undertaken as yet.

6.5 List of all reports and data relevant to the operation of the Act generated by the licensee during the relevant licence year

One report was generated during the year relevant to the operation of the Act:

“Seismic Interpretation of Geothermal Licence (GEL) Areas 169, 177, 185 South Australia”. *HDR Pty Ltd* 2007.

No other reports or data relating to the tenement have been received at this time.

6.6 Report on any Incidents reportable to the Minister under the Act and Regulations during the relevant Licence Year

No reportable incidents occurred.

6.7 Report on any reasonably foreseeable threats (other than threats previously reported on) 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

No threats have been identified.