



ACN 109 200 900

Fourth Annual Report

Moomba Play

GEL 185

14/4/2008 to 07/01/2010

HELD BY: Eden Energy Ltd

MANAGER & OPERATOR: Eden Energy Ltd

AUTHOR(s):

SUBMITTED TO:

DUE DATE FOR SUBMISSION: 13th June 2009

PROSPECTS:

COMMODITY(s): Geothermal Energy

KEY WORDS: Moomba North, geothermal

Distribution:

- PIRSA Petroleum
- Eden Energy Ltd

All rights in this report and its contents (including rights to confidential information and copyright in text, diagrams, maps and photographs) remain with Eden Energy Ltd and no use (including use of reproduction, storage and transmission) may be made of the report or its contents for any purpose without the prior written consent of Eden Energy Ltd

CONTENTS

| | |
|--|----|
| 1. Introduction | 3 |
| 1.1 Background | 3 |
| 1.2 Licence Data | 3 |
| 1.3 Period | 3 |
| 2. Work Requirements | 4 |
| 3. Work Conducted | 5 |
| 3.1 Magnetotelluric Survey processing and Interpretation | 5 |
| 4. Year 4 Expenditure | 6 |
| 5. Year Five Work Programme | 6 |
| 6. Compliance with the Petroleum Act (Reg. 33) | 8 |
| 6.1 Summary of the regulated activities conducted under the licence during the year | 8 |
| 6.2 Report for the year on compliance with the Act, these Regulations, the licence and any relevant Statement of Environmental Objectives | 8 |
| 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 | 8 |
| 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 | 8 |
| 6.5 List of all reports and data relevant to the operation of the Act generated by the licensee during the relevant licence year | 9 |
| 6.6 Report on any Incidents reportable to the Minister under the Act and Regulations during the relevant Licence Year | 9 |
| 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 | 9 |
| Appendix 1 | 10 |

List of Figures

| | |
|--|---|
| Figure 1 Location map of GEL 185 | 4 |
| Figure 2 Location of MT sample points..... | 6 |

1. Introduction

1.1 Background

GEL185 is located north of the Moomba oil and gas field in the Cooper Basin targeting either an engineered geothermal play granite basement (analogous to the Geodynamics play) or targeting a hot sedimentary aquifer play.

It is located on the southern margin of the Nappamerri Trough in the Cooper Basin depocentre where there are significant sediment sections providing good thermal insulation for interpreted 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 public domain sources predicts suitable temperature rocks at depths of 3-4km.

1.2 Licence Data

Geothermal Exploration Licence 185 (GEL185) was granted on 14th April 2005 with an initial term of five years over an area of 494km².

Figure 1 shows the licence location.

Various suspensions and variations have been granted for the licence.

A suspension from 7 April to 31 December 2009 was granted. The current expiry date of the licence is 7 January 2011.

1.3 Period

In accordance with Section 33 of the Petroleum and Geothermal Energy Regulations 2000, this report details work conducted during the Fourth permit year of GEL 185 (14/04/2008 to 7/1/2010, including the suspension period).

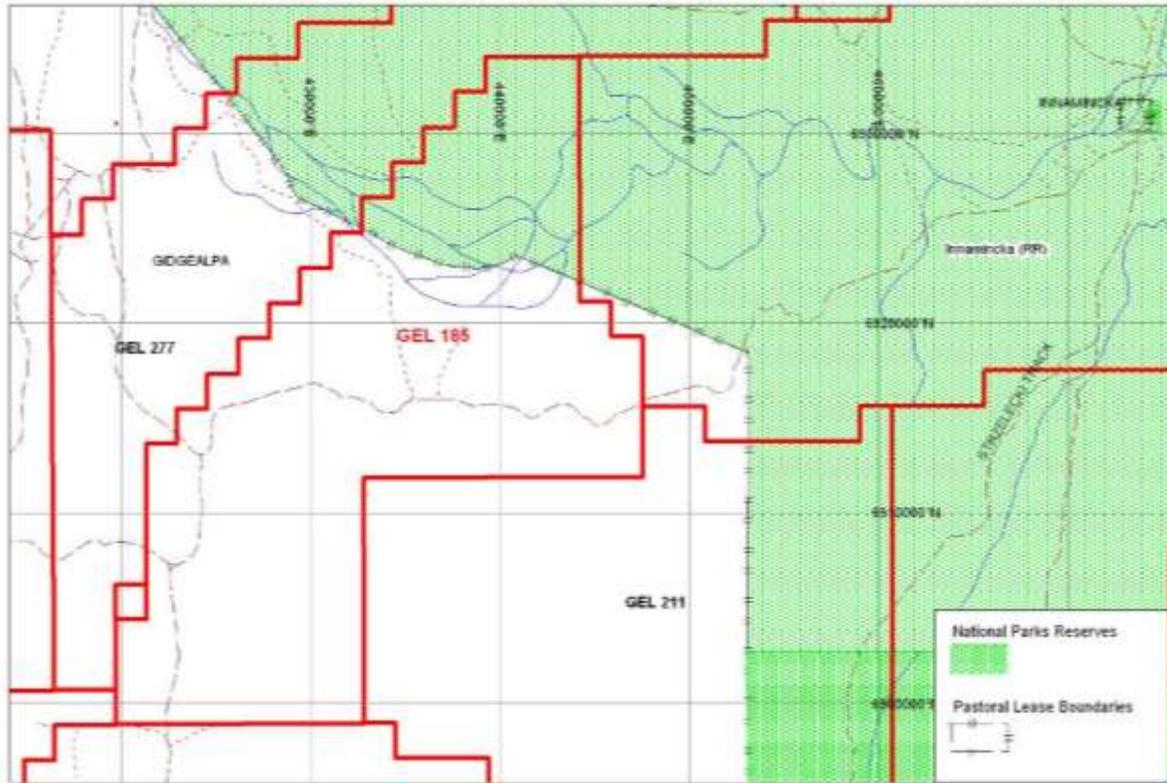


Figure 1 Location map of GEL 185

2. Work Requirements

The original work programme for GEL comprised the stages shown in Table 1:

Table 1: GEL 185 Original Work Programme

| Year of Term of Licence | Minimum Work Requirements |
|-------------------------|--|
| One | <ul style="list-style-type: none"> • Geological and geophysical review • Seismic reprocessing • Logging and petrographic investigations |
| Two | <ul style="list-style-type: none"> • Limited, infill geophysical surveys (if required) |
| Three | <ul style="list-style-type: none"> • Drill one test well • Thermal and stress analysis |
| Four and Five | <ul style="list-style-type: none"> • Drill one test well • Conduct circulation test |

A variation to this work programme was approved on 23rd April 2008 as shown in Table 2:

Table 2: GEL 185 Work Programme Variation Approved 23/4/2008

| Year of Term of Licence | Minimum Work Requirements |
|-------------------------|--|
| One | <ul style="list-style-type: none">• Geological and geophysical studies |
| Two | <ul style="list-style-type: none">• Geological and geophysical studies |
| Three | <ul style="list-style-type: none">• Review of seismic data;• Acquisition and modelling of magneto-telluric data |
| Four | <ul style="list-style-type: none">• Geological and geophysical studies;• Conduct a preliminary feasibility study;• Drill one slimline prospecting well (500m); |
| Five | <ul style="list-style-type: none">• Drill one test well (3,500 to 4,000m) and conduct flow test |

This work programme was applicable to all of licence Year 4.

Subsequently, another variation for GEL 185 was approved on 28th April 2010.

3. Work Conducted

Work conducted in Year 4 comprised :

- Interpretation of MT data
- An assessment of the current level of knowledge and available data for the project area, leading to an indication of the risks associated with the reservoir and temperature for the project.

This work was designed to develop a roadmap for exploration activities that will lead to an Inferred Resource (as per the Australian Geothermal Reporting Code, 2008) hosted by the geothermal play/s.

3.1 Magnetotelluric Survey processing and Interpretation

An MT survey was undertaken by Quantec Geoscience in Year 3 of the GEL. A total of two lines, nominally in north-south and east-west orientations, were sampled with a total of 45 sample locations being measured, 24 along line 2 (east west), and 21 along line 1 (north south) (Figure 2).

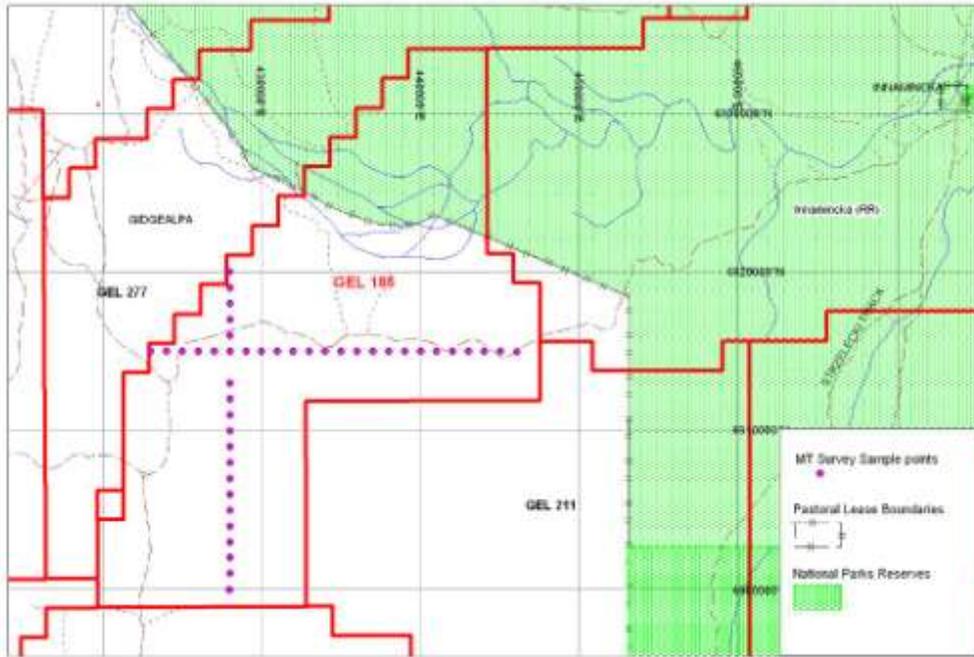


Figure 2 Location of MT sample points

4. Year 4 Expenditure

See Appendix 1.

5. Year Five Work Programme

Eden was to undertake reviews of the geology and geophysics of the Moomba Play 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.

Subsequent issues with programme timing and funding lead to licence variations being granted for GEL185.

A revised work programme has been agreed with PIRSA (Table 3). The year five work programme will involve drilling one well.

Table 3: GEL 185 Work Programme Variation approved 28/4/2010

| Year of Term of Licence | Minimum Work Requirements |
|--------------------------------|---|
| One | <ul style="list-style-type: none">• Geological and geophysical studies. |
| Two | <ul style="list-style-type: none">• Geological and geophysical studies. |
| Three | <ul style="list-style-type: none">• Review of seismic data;• Acquisition and modelling of magneto-telluric data. |
| Four | <ul style="list-style-type: none">• Geological and geophysical studies. |
| Five | <ul style="list-style-type: none">• Drill one well. |

An agreement with Origin Energy has been reached whereby Origin will undertake this work.

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 range of desktop studies, interpreting MT data and assessing the steps needed to estimate an Inferred Resource for the GEL.

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

Eden complied with all relevant sections of the Act and Regulations as they pertain to the regulated activities conducted during the year, apart from:

- Compliance with the approved work programme – Eden did not the agreed work requirements.
- Eden not complying with Section 33 (1) of the Regulations pertaining to the provision of an annual report within two months after the end of the licence year.

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.

Eden's failure to meet the work programme requirements was subject of negotiations with the Department and rectification of the breach was sought by application for a variation to the work programme.

Eden's failure to report in a timely fashion was addressed by seeking appropriate staff or consultants to assist Eden's Directors in managing the requirements of the licence.

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 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.

Furthermore Eden have been focussed on capital raising and corporate activities, and have only undertaken desktop studies, therefore audits were not completed.

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

Three reports were generated during the year relevant to the operation of the Act:

1. HDRPL Schedule of Activities for Eden-Terratherma Tenements Jun08
2. HDRPL Terratherma - Risk Assessment of Identified Geothermal Plays Nov08
3. Geophysical Survey Interpretation Report Regarding the Quantec SPARTAN Magnetotelluric Survey over the Cooper Project South Australia, Australia, on behalf of Eden Energy, Australia

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.