



Annual Report

Licence Year 1, 14
November 2011 to 13
November 2012

Geothermal Exploration
Licence 211

Environmental

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1. INTRODUCTION

Licence renewal of Geothermal Exploration Licence 211 (GEL 211) was granted to Geodynamics for five (5) years taking effect from 14/11/2011 to 13/11/2016.

This report details the work conducted during Licence Year 1 of the renewed licence period in accordance with Regulation 33 of the *Petroleum & Geothermal Energy Act 2000*.

2. PERMIT SUMMARY

For the duration of the licence year, licensees for Geothermal Exploration Licence 211 (GEL 211) were:

- Geodynamics Limited 70% (operator)
- Origin Energy Limited 30%

The following table (Table 2-1) displays the actual work completed up until the end of the current licence period.

An area of 16,049.6 has been excised from the Term 1 original licence area. The new licence area for Term 2 GEL 211 is 32,066.5ha.

3. REGULATED ACTIVITIES

3.1 Drilling

No drilling activities were performed within the GEL 211 Licence area during the reporting period.

3.2 Seismic Data Processing and Reprocessing

No seismic data processing and reprocessing was undertaken during the reporting period.

3.3 Geochemical, Gravity, Magnetic and other surveys

No geochemical, gravity, magnetic or other surveys were undertaken during the reporting period.

3.4 Pipeline/Flowline Construction and Operation

No pipeline/flowline construction and operation was undertaken during the reporting period.

3.5 Preliminary Survey Activities

No preliminary survey activities were undertaken during the reporting period.

4. COMPLIANCE ISSUES

4.1 Licence and Regulatory Compliance

There were no instances in which Geodynamics was non-compliant during the Licence year.

4.1.1 Licence Non-Compliance

Nil.

4.1.2 Regulatory Non-Compliance

Nil.

4.2 Compliance with Statement of Environmental Objectives

Due to no activity in the Licence Area a compliance check has not been carried out.

4.3 Management System Audits

No management system audits were undertaken during the Licence Year in relation to GEL 211.

4.4 Report and Data Submissions

The following reports were submitted to DMITRE on 4 November 2011:

- ENV-FN-OT-LTO-00001-1.0 GEL 211 Renewal 2011
- RES-FN-OT-MEM-00001-1.0 Initial GEL 211 Gravity Review
- Area Proposed to Excise GEL 211

4.5 Incidents

There were no incidents on GEL 211 during the Licence Year.

4.6 Threat Prevention

There are no threats foreseeable to any future exploration activities in GEL 211. Should a new activity arise an activity notification application will be completed and threats assessed as part of this process.

4.7 Future Work Program

Drilling and Stimulation of the Habanero 4 Well occurred late in 2012 in which case the assessment and analysis of results will occur in Year 2. The planned work requirements for Year 2 as per the table below are anticipated also for Tenement Year 2.

Year of Term of Licence	Minimum Work Requirements
1	Assessment and analysis of results following drilling of Habanero 4 (proposed for 1 st quarter 2012)
2	Interpretation of the results from Habanero 4 drilling and stimulation, in terms of the implication for prospectivity in GEL 211
3	Analysis of the distribution of natural fractures in the Innamincka Granite based on crustal strain modelling and the applicability to GEL 211
4	Ongoing monitoring of developments in the geothermal industry, particularly in relation to the development of appropriate and cost effective exploration techniques applicable to further defining the prospectivity of GEL 211, with a view to deploying these techniques where identified
5	Ongoing monitoring of developments in the geothermal industry, particularly in relation to the development of appropriate and cost effective exploration techniques applicable to further defining the prospectivity of GEL 211, with a view to deploying these techniques where identified

5. EXPENDITURE STATEMENT