



GEL 211 Annual Report

Term 2, Year 3

30 March 2015

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Document Approval

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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 3 (14/11/2013 to 13/11/2014) 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 Geothermal Pty Ltd 30%

Year of Term of Licence	Minimum Work Requirement	Actual Work Completed
1	Assessment and analysis of results following drilling of Habanero 4	As per minimum work
2	Interpretation of the results from Habanero 4 drilling and stimulation, in terms of the implication for prospectivity GEL 211.	Geodynamics has undertaken the production of a Field Development Plan (FDP) to assess the feasibility of future work in the Cooper Basin.
3	Analysis of the distribution of natural fractures in the Innamincka Granite based on crustal strain modelling and applicability to GEL 211 (completed December, 2011 - Term 2, Year 1).	<p>Minimum work program item was completed in December 2011.</p> <p><i>Updated anticipated work for Year 3: 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.</i></p>
4	Technical and engineering studies	Future Work Program
5	Technical and engineering studies	Future Work Program

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

As previously submitted in the Term 2 Year 1 Annual Report, GDY submitted a CSIRO Report to DMITRE titled '*Predicting fracture zones in Cooper-basin granites: insights from continuum damage mechanics finite-element modelling*'. This analysis report covered our Term 2, Year 3 commitment for '*Analysis of the*

distribution of natural fractures in the Innamincka Granite based on crustal strain modelling and the applicability to GEL 211. The report was not limited to GEL 211. It has been confirmed that no further analysis is currently planned. Please refer to the Table for Future Work Program Section 4.7.

The Year 2 Annual Report for GEL 211 Term 2, Year 1 report was submitted on 10 January 2014 and then re-submitted with feedback incorporated from the DSD Compliance Team on 28 March 2014.

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

The work program table for future work is as follows:

Year of Term of Licence	Minimum Work Requirement
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

The work program proposed for GEL 211 over the next three years needs to be considered in the context of our activities in the adjoining tenements, which will also assist in advancing our understanding of the geothermal potential of GEL 211. The Geodynamics work program in the Cooper Basin has a large scale, long term focus, which includes, but is not limited to GEL 211. While our recent activity has focused on the adjoining tenements, the bigger picture of geothermal development within the Cooper Basin includes future activity within GEL 211. The activities being undertaken in the adjoining tenements with the drilling and stimulation of Habanero 4 will be clearly used to further our knowledge of GEL 211.

The expenditure linked to work carried out in the production of the Habanero Field Development Plan will be incorporated into the Annual Reports for GRLs 3-12. As a result, expenditure in GEL 211 during this tenement year is limited to only the hours to compile this report.

As of the end of November, 2014, Geodynamics expenditure within the Cooper Basin (predominantly GRLs 3-12) has been as follows: