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GEL 281 ANNUAL REPORT YEAR 1

14 November 2007 to 13 November 2008

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1. Permit Administration

1.1 Period

This report covers the activities for Year 1 being the period of 14 November 2007 to 13 November 2008.

1.2 Permit Details

Exploration licence GEL 281 was granted on 14 November 2007 for an initial term of 5 years. It has an area of approximately 482 km².

There was no change in the area or the permit boundaries during the year.

1.3 Permittees

The permit was awarded to Osiris Energy Pty Ltd as sole permittee. There was no change in Working Interests during the period. During the year Osiris Energy became a public company and changed its name to Osiris Energy Ltd. In addition Osiris Energy Limited was acquired by ASX Listed Panax Geothermal Limited ("PAX"), after the end of permit Year 1, whilst this report was in preparation, and is now a wholly owned subsidiary of Panax.

1.4 Operatorship

The Operator of the permit is Osiris Energy Ltd. There was no change of Operator during the period. Osiris Energy Ltd remains as Operator of the Permit subsequent to the acquisition by Panax as referred to in 1.3 above.

1.5 Variation to work programme

There has been no variation to the work programme during the year.

2. Work Programme Requirements

The work programme for GEL 281 is shown below.

Year of Term of Licence	<i>Minimum Work Requirements</i>
1	Geological and geophysical studies. - Complete
2	Geological and geophysical studies.
3	Reprocess and interpret 150km of 2D seismic data.
4	Conduct shallow pilot drilling to 600-800m for more detailed thermal measurements or undertake such measurements in an existing suitable well.
5	Drill a deep well or re-complete an existing suitable petroleum well to a depth of 2700m to assess the geothermal energy and reservoir quality of a suitable heat exchanger.

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

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

Osiris Energy Ltd has not undertaken any regulated activities as defined under the Petroleum Act in GEL 281 during the licence period to date.

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

Given that no regulated activities were undertaken during the reporting period, many of the regulations are inapplicable at this stage and no non-compliances have been noted.

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

Osiris Energy Ltd recognises the importance of achieving regulatory compliance and operating in an environmentally and socially responsible manner.

3.4 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

Osiris Energy Ltd is a new company and is developing 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. Osiris' activities have been essentially desktop studies at this stage and no management system audits have been undertaken as yet.

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

The work undertaken to date has been compilation of geographical information systems in mapping and seismic interpretation software, and their interpretation. No reports have been generated as yet.

No new surveys or data relating to the tenement have been acquired.

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

No reportable incidents occurred.

3.7 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.

3.8 Statement outlining operations proposed for the ensuing year

A review of temperature and reservoir characteristics of data from the Tirrawarra field (76 open file wells) will be pursued to generate a well constrained thermal model and an assessment of reservoir character over that area. This will include a detailed analysis of the permeability and porosity data from selected wells, including any available production data.



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4. Work Undertaken

Work undertaken in Year 1 over GEL281 has focussed on seismic interpretation of the Permian section.

An SMT (Kingdom Suite) project has been assembled with all relevant wells, open file seismic and culture data.

Seismic interpretation of these data were initiated on an SMT workstation.

Petroleum well wireline log temperature data has been combined with the regional seismic interpretation to model the temperature distribution across the tenement for the Permian reservoir sequence.



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5. Annual expenditure

An estimate of expenditure on regulated activities conducted under GEL 281 licence for the Year 1 licence year, showing expenditure under each of the following headings, is shown below:

Commercial in Confidence