



GEL 258 "Phillipson"  
South Australia

First Annual & Final Report

Prepared by

C.E.Stafford BSc (Hons), PhD  
21 September 2007

## CONTENTS

1	INTRODUCTION .....	2
1.1	Background .....	2
1.2	Period .....	2
1.3	Licence data .....	2
2	WORK REQUIREMENTS .....	2
3	WORK CONDUCTED .....	2
3.1	Geological and geophysical studies .....	3
4	YEAR TWO EXPENDITURE.....	3
5	COMPLIANCE WITH THE PETROLEUM ACT (REGULATION 33) .....	3
5.1	Regulated activities .....	3
5.2	Compliance.....	3
5.3	Management of non-compliance .....	3
5.4	Management systems .....	4
5.5	Reports and data .....	4
5.6	Reportable incidents.....	4
5.7	Foreseeable threats.....	4
5.8	Proposed operations for the ensuing year.....	4

## TABLES

Table 1: Revised yearly work requirements for GEL 258	2
Table 2: Tenure expenditure to 10 August 2007	3
Table 3: Work program reports for GEL 258	4

## 1 INTRODUCTION

### 1.1 Background

Exploration was initiated in the Arckaringa Basin area to investigate the geothermal potential of basement rocks underlying palaeozoic sediments including Lower Permian coal measures.

### 1.2 Period

This report covers the whole period of tenure from 22 March 2007 (grant) to 10 August 2007 (surrender).

### 1.3 Licence data

GEL 258 was granted to Granite Power Ltd ("Granite Power") on 22 March 2007 for a period of five years to explore for geothermal energy.

The tenement covers an area of approximately 491 km<sup>2</sup>.

## 2 WORK REQUIREMENTS

The minimum work requirements for each year of tenure are detailed in Table 1 below:

Year	Minimum Work Requirements
One	1. Geological and geophysical studies.
Two	2. Geological and geophysical studies. 3. Deepening of existing stratigraphic hole to 1000 metres.
Three	4. Conduct down-hole seismic induction probes, cross-well tomography, gamma, resistivity and temperature logging. 5. Test the temperature gradient in one existing deep drill hole.
Four	6. Drill one pilot hole to 2000 metres. 7. Construct pilot plant.
Five	8. Construction of a 25MW pilot power station.

Table 1: Revised yearly work requirements for GEL 258

## 3 WORK CONDUCTED

In accordance with the Year One Minimum Work Requirement, geological and geophysical studies were undertaken for the GEL 258 licence area.

### 3.1 Geological and geophysical studies

A geological consultancy, Earth Resources Australia (ERA), was commissioned by Granite Power to undertake a review of geothermal prospectivity for all of the Company's South Australian tenements and licence application areas, including GEL 258. This review was completed in May 2007.

The attached report, detailed in Table 3, contains the extract of ERA's report pertinent to GEL 258. Based on the findings of this work, Granite Power decided to discontinue exploration on GEL 258 and surrender the tenement.

## 4 YEAR TWO EXPENDITURE

Activity	Year 1 Cost AUD
Drilling activities	
Seismic activities	Commercial in
Technical evaluation and mapping	Confidence
Other surveys	
Facility construction and modification	
Operating and administration expenses (not already covered under another heading)	
<b>Total for year</b>	

Table 2: Tenure expenditure to 10 August 2007

## 5 COMPLIANCE WITH THE PETROLEUM ACT (REGULATION 33)

### 5.1 Regulated activities

No regulated activities were undertaken during tenure

### 5.2 Compliance

Other than the abovementioned geological and geophysical studies, no work was conducted on the tenement.

GEL 258 has been surrendered.

There are no issues of non-compliance to report.

### 5.3 Management of non-compliance

Not relevant since GEL 258 was surrendered in its first year.

## 5.4 Management systems

Granite Power is committed to ensuring the highest standards of corporate governance. To this end the company has a suite of policies in place or being implemented which substantially comply with ASX 'best practice' guidelines. Audits to date (the last being for the 2006-7 financial year) which (pursuant to the IFR Standards with which the company complies) cover management systems have not identified any deficiency or failure and have not identified a potential need for corrective actions.

## 5.5 Reports and data

Author	Title	Digital file
Earth Resources Australia.	Review of Geothermal Potential of GEL 258 "Phillipson"	Earth Resources Australia GEL 258 Review.pdf
	Extracted from "Review of Geothermal Potential of Tenements held by Granite Power Ltd in South Australia"	

Table 3: Work program reports for GEL 258

## 5.6 Reportable incidents

No reportable incidents occurred.

## 5.7 Foreseeable threats

No threats have been identified.

## 5.8 Proposed operations for the ensuing year

There are no further proposed activities.