

# Swann and Jenkins Pty Ltd

ABN: 36 124 993 031

## **ANNUAL REPORT SEL 03/2009**

**Year 3**

**16 December 2011 to 16 December 2012**

BY SWANN & JENKINS PTY LTD

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## 1. Introduction

Swann and Jenkins Pty Ltd's (Swan & Jenkins) Exploration Philosophy and Model for SEL3/2009 remained the same for Year 3, that is, for the period December 2011 to December 2012 as it had been for the previous two years that License 3/2009 was held.

This philosophy and model was based on/centred on:

1. Fundamental geological prospectivity (**Geology**),
2. Potential practicality of exploitation of geothermal energy. That is, in terms of accessing a suitable geothermal heat source which could sustain adequate heat/energy transfer and provide a basis for extraction of sustainable and at commercial scale geothermal energy quantities to support subsequent long term commercially viable thermal energy conversion to power (using Rankin or similar conversion systems) for sale to customers using existing/established infrastructure or power networks (**Practicality**), and
3. Access to funds (**Investor interest**).

The complexity (funding levels) to deliver on all of the practical requirements involved in a project (as outlined above) necessitated priority being placed on attracting greater levels of funds upfront if significant progress was realistically to be made.

This involved gaining/securing investor interest which for Year 3, as for Years 1 and 2, was Swann & Jenkins focus/central activities throughout the year.

Around \$3,700 dollars of eligible funds were invested by Swann & Jenkins in:

- contacting potential investors/parties ,
- setting up meetings,
- preparing investment concept/proposition documentation,
- attending meeting and
- following up with parties post meeting

One of the major difficulties encountered was getting potential investors/parties to agree to a meeting given their own issues within the economic climate/capital markets in relation to their established activities or projects. For some parties it was appropriate to meet with Swann & Jenkins and hear about the opportunity however close the meeting with statements such as "no new projects are being taken on board at this time" etc.

## 2. Proposed Exploration for the year

A proposed exploration program for Year 1 (December 2009 to December 2010 and Year 2 (December 2010 to December 2011) was lodged with the initial Licence application.

No on the ground exploration activities were proposed for the year because Swann and Jenkins, after more fully understanding and estimating the resources required to bring a non-extrusive geothermal energy generation development to fruition (the **practicality** element of what was involved in progressing) continued as it had in Years 1 and 2, during Year 3 to try to secure a suitable

partner/investor in a joint venture necessary to realistically deliver progress with what was envisaged for SEL 3/2009.

Discussions were held with parties during the year including

- Established geothermal exploration companies in Australia (five),
- Private equity in Australia,

However none of these parties sought to proceed to invest.

**This led to Swann and Jenkins relinquishment (notification was lodged in November 2012/during the reporting period)**

### 3. Details exploration undertaken during the year

No 'on the ground' exploration work on the area covered by license SEL 3/2009 took place during the year.

### 4. Details of documents or Plans generated during the year

No exploration documents plans were generated during the year.

### 5. Details of constructed tracks, costeaning, drill sites cleared & rehabilitation

No 'on the ground' exploration work on the area covered by license SEL 3/2009 took place during the year.

As a result no rehabilitation requirements arose.

### 6. New digital datasets

No data bases outside of publicly available data were used or created.

### 7. Bibliography

**Atkins D and Audunsson H, 2013**, Exploration Techniques for Locating offshore geothermal energy near Iceland, Proceedings 38th Workshop on Geothermal Reservoir Engineering Stanford University, Stanford, California.

**Geology and Mineral Deposits of Tasmania: a summary, Bulletin 72**, Department of Infrastructure Energy and Resources, Mineral Resources Department

**Taheri J and Bottrill R S, 2005**, Devonian granites and associated mineralisation in northeast and northwest Tasmania, Tasmanian Geological Record 2005/03

## **8. Conclusion**

During the year it became clear that Swann & Jenkins directors would within the current capital markets be able to succeed to secure the funding as initially envisaged to proceed with the proposed program and indeed the necessary program of work to progress SEL3/2009 in geothermal energy prospect terms.

After discussions with the Department of Infrastructure, Energy and Resources within Mineral Resources Tasmania Department (Department) personnel in this regard a letter regarding Swann & Jenkins intention to relinquish this license was lodged with the Department. Refer Attachment A.

Followed subsequently with a Relinquishment report.

## **APPENDIX A: LETTER OF RELIQUISHMENT**

27<sup>th</sup> November 2012

Attn: David Geer  
Acting Manager – Tenement Administration  
Mineral Resources Tasmania  
Department of Infrastructure, Energy and Resources (DIER)  
Industrial Minerals and Land Management Section  
PO Box 56  
Rosny Park  
TAS 7018

Cc: Carol Bacon – Managing Geologist

**Subject: Special Exploration License 3/2009 – Relinquishment**

Dear Mr Geer,

Thank you for your letter dated 28 September 2012, advising that Special Exploration License 3/2009 is due for the payment of annual rental fees.

As stated in my February 2011 letter to Managing Geologist, Carol Bacon, the difficult overall capital market conditions compounded by diminished geothermal sector interest, have significantly negatively impacted investment levels/the actual program of activities for SEL 3/2009 relative to the original work program for SEL 3/2009 envisaged at the time of approval.

As a result of the ongoing difficult capital market conditions, it is with regret that Swann and Jenkins Pty Limited seeks to relinquish SEL 3/2009 effective immediately. It is my understanding that receipt of this relinquishment letter from Swann and Jenkins will release the Company and Directors from any further and ongoing commitments in relation to SEL 3/2009.

A letter from you acknowledging your receipt of this relinquishment and confirming its contents is hereby requested.

I personally would like to thank you and your colleagues for your support through the period over which I have held this licence. My initial enthusiasm and intentions in relation to working up the opportunities presented within the area covered by SEL 3/2009 have not waned rather my ability to attract investors to the opportunity/into this space.

Kindest regards,

Merrill Gray  
Director  
*B.Sc, B. Min Tech, MBA, MAusIMM.*