

NOVA ENERGY LTD

**AMADEUS PROJECT
EL25049,**

**Annual Report for the Period
11th September 2006 to 10th September 2007.**

Volume 1 of 1

**Tenure Holder
and Operator:**

Nova Energy Ltd

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Compiled by:

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Date:

24/9/2007

Distribution:

Northern Territory Geological Survey - (1 hard, 1 digital)

Nova Energy Ltd. - Perth Office (1 hard, 1 digital)

P.F. Robinson - (1 hard, 1 digital)

SUMMARY

The report comprises 1 granted exploration licence located in the Amadeus Basin area, approximately 160km southwest of Alice Springs in the Northern Territory.

This first annual report describes activities conducted for the period 11th September 2006 to 10th September 2007. Exploration activities during the period have involved acquisition of all available data including digital landsat photography and interpretation of this data. This interpretation confirmed the prospectivity for sedimentary hosted redox facies related uranium mineralisation. Interpreted host rocks will be investigated initially by RAB drilling traverses to map and test redox boundaries in the sequence.

Total project expenditure for the reporting period was \$12,719

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NOVA_EL25049_AMADEUS_PROJECT_2007_Annual_Report.pdf

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1.0 INTRODUCTION

This annual report details all exploration work undertaken on Exploration Licences 25049.

The licence is located on the Amadeus Basin, approximately 160km southwest of Alice Springs in the Northern Territory (Figure 1). Access to the project area is via the Hermannsburg road to Hermannsburg but helicopter assistance is needed from there. The tenement is situated on the Henbury (SG53-01) 1:250,000 map sheets,

The terrain is generally rugged

Nova is targeting sedimentary, redox related uranium deposits in the Upper Devonian Hermannsburg Sandstone similar to the Pamela and Angela deposits to the east.

2.0 TENURE

The Project comprises exploration licence 25049 comprising 30 blocks and was granted on 11/09/2006.

3.0 REGIONAL GEOLOGY

The tenement covers part of the mapped Hermannsburg Sandstone which stratigraphically equates with Pertnjara Group comprising Upper Devonian – Lower Carboniferous (Dev-Carb) fluvio – continental sediments. This sequence and its equivalents, host the Pamela and Angela uranium deposits south of Alice Springs and the Bigryli, Walbri, Malawiri and Dingo's Rest uranium deposits of the nearby Ngalia Basin to the north.

Uranium mineralisation in the Ngalia and Amadeus is localised at redox interfaces in the Dev-Carb sequence. These interfaces can be peneconcordant or lateral or both. They are stratigraphically related to the tops or lateral terminations of reduced sequences contained in oxidised red bed sequences. The reduced beds are grey or sometimes white where bleaching has occurred by oxidation of sulphides (pyrite).

Pamela and Angela are hosted in the upper most member the Undandita Member. The Bigryli deposit is hosted in a grey white unit in the lower Mt Eclipse Sandstone. The other deposits in the Ngalia are further up the sequence and mostly at a common stratigraphic level.

Figure 1 below shows the regional geology and the location of the tenement

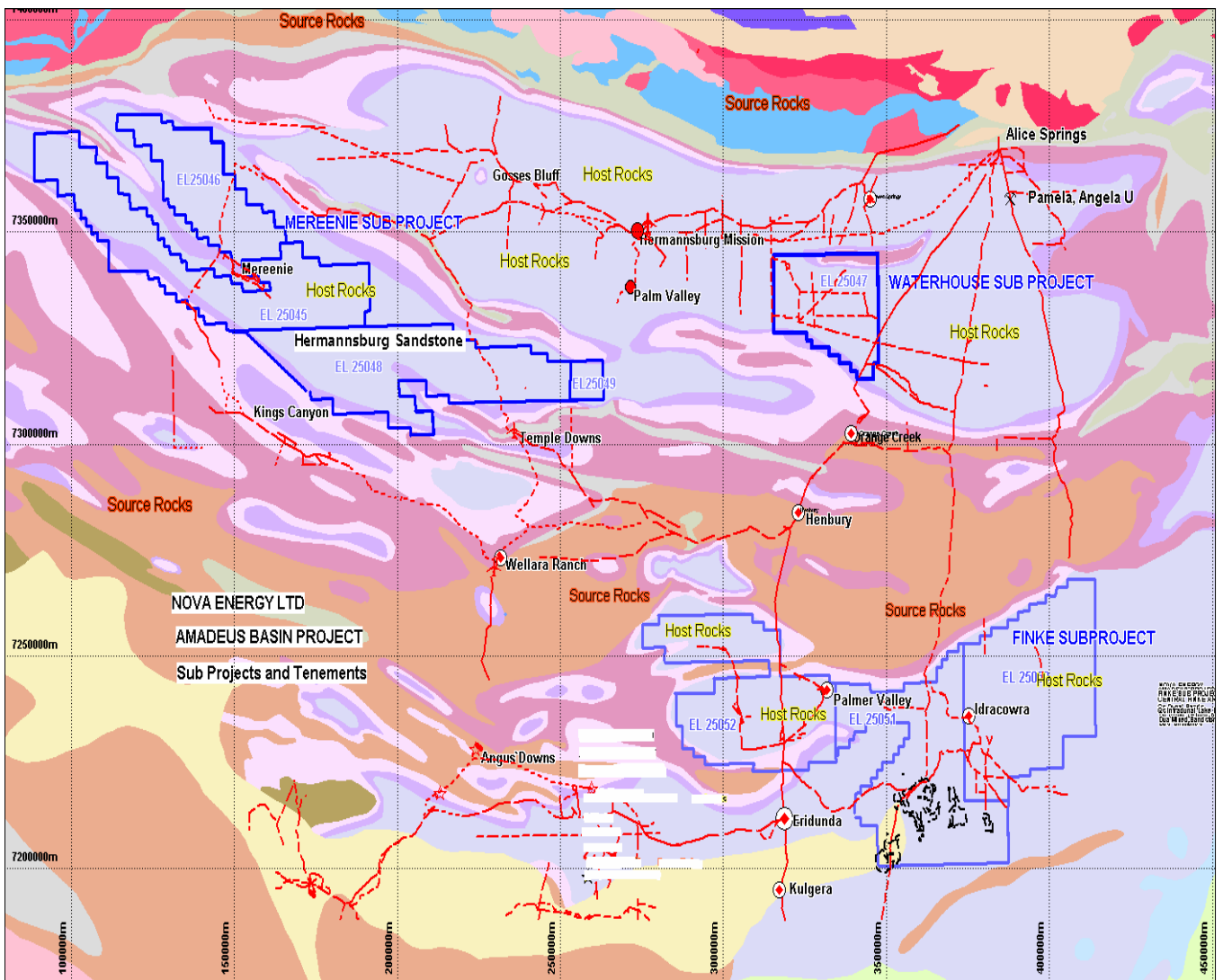


Fig 1: Regional Geology and Location

4.0 PREVIOUS EXPLORATION

Previous investigations for uranium by other companies, mostly in the 1970s and 1980s concentrated in the eastern part of the basin and within the Upper Devonian to Carboniferous red bed sediments.

Most of it was centred around the Waterhouse Range anticline in the surrounding Pertnjara Group. Success was had in the upper member the Undandita Sandstone which hosts the Pamela and Angela uranium deposits (11500 t U₃O₈ at 0.13% - UIC June 2005).

5.0 CURRENT EXPLORATION ACTIVITIES

Exploration completed on Exploration Licence 25049 to date during its first year of tenancy to 10th September 2007, consisted of the following

- 1) Acquisition of selected open file reports by previous explorers.
- 2) Acquisition of all Northern Territory Government and Geoscience Australia data
- 3) Acquisition of digital Landsat satellite imagery
- 4) Compilation of all the above into a database.
- 5) Geological interpretation of the satellite imagery.
- 6) Interpretation of the database to generate exploration targets.

Figure 2 below summarises the results of interpreting the above data.

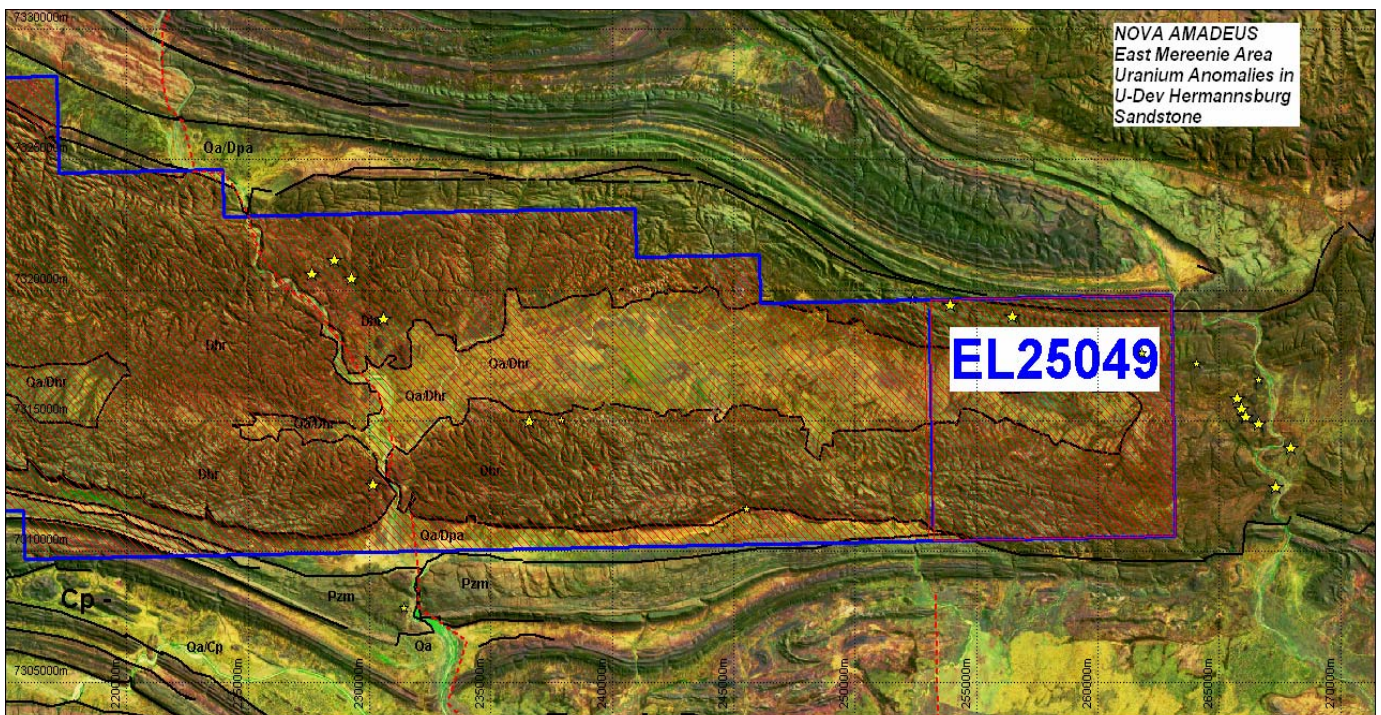


Figure 2: Interpretation and Uranium Spot Anomalies

It is expected that the eroded area in the centre of the tenement may contain suitable facies to suit the exploration model. Its signature is similar to the easily weathered piedmont outwash facie that contain the Angela - Pamela mineralisation to the east. Any mineralisation would be buried under younger cover and would not give a surface gamma anomaly.

Surface uranium channel gamma anomalies are shown by yellow stars in the outcropping basal Hermannsburg Sandstone.

6.0 EXPENDITURE

Table 1 Expenditure Statement

NORTHERN TERRITORY EXPLORATION EXPENDITURE FOR MINERAL TENEMENT
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Section 1. Tenement type, number and operation name: (One licence only per form even if combined reporting has been approved)	
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Type	<i>Exploration Licence</i>
Number	<i>25049</i>
Operation Name (optional)	

Section 2. Period covered by this return:			
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Twelve-month period:		If Final Report:	
From	<i>12/9/2006</i>	From	
To	<i>11/9/2007</i>	To	
Covenant for the reporting period:		\$	

Section 3. Give title of accompanying technical report:	
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Title of Technical Report	<i>Annual Report EL25049</i>
Author	<i>Peter Robinson</i>

Section 4. Locality of operation:	
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Geological Province	
Geographic Location	

Section 5. Work program for the next twelve months:

Activities proposed (please mark with an "X"): Drilling and/or costeaning

Literature review

Airborne geophysics

Geological mapping

Ground geophysics

Rock/soil/stream sediment sampling

Other: Data compilation & definition of follow-up programme

Estimated Cost:

\$50,000

Section 6. Summary of operations and expenditure:

Please include salaries, wages, consultants fees, field expenses, fuel and transport, administration and overheads under the appropriate headings below. Mark the work done for the appropriate subsections with an "X" or similar, except where indicated. Complete the right-hand columns to indicate the data supplied with the Technical Report.

Do not include the following as expenditure (if relevant, these may be

- Insurance
- Company Prospectus
- Rent & Department Fees
- Bond
- Transfer costs
- Title Search
- Legal costs
- Advertising
- Land Access Compensation
- Meetings with Land Councils
- Payments to Traditional Owners
- Fines

Exploration Work type	Work Done (mark with an "X" or provide details)	Expenditure	Data and Format Supplied in the Technical Report	
			Digital	Hard copy
Office Studies				
Literature search	X	20		
Database compilation				
Computer modelling				
Reprocessing of data				
General research	X	7,527		
Report preparation	X	500		
Other (specify)	X	4,672		
Overheads/Salaries				
	Subtotal	\$12,719		
Airborne Exploration Surveys (state line kms)				
Aeromagnetics		kms		
Radiometrics		kms		
Electromagnetics		kms		
Gravity		kms		
Digital terrain modelling		kms		
Other (specify)		kms		
	Subtotal	\$		
Remote Sensing				
Aerial photography				
LANDSAT				
SPOT				
MSS				
Other (specify)				
	Subtotal	\$		
Ground Exploration Surveys				
Geological Mapping				
Regional				
Reconnaissance				
Prospect				
Underground				
Costean				
Ground Geophysics				
Radiometrics				
Magnetics				
Gravity				
Digital terrain modelling				
Electromagnetics				
SP/AP/EP				

Exploration Work type	Work Done (mark with an "X" or provide details)	Expenditure	Data and Format Supplied in the Technical Report	
			Digital	Hard copy
IP				
AMT/CSAMT				
Resistivity				
Complex resistivity				
Seismic reflection				
Seismic refraction				
Well logging				
Geophysical interpretation				
Petrophysics				
Other (specify)				

Geochemical Surveying and Geochronology							
<i>(state number of samples)</i>							
Drill (cuttings, core, etc.)							
Stream sediment							
Soil							
Rock chip							
Laterite							
Water							
Biogeochemistry							
Isotope							
Whole rock							
Mineral analysis							
Laboratory analysis (type)							
Petrology							
Other (specify)							
Ground Exploration Subtotal					\$		
Drilling (state number of holes & metres)							
Diamond		holes	metres				
Reverse circulation (RC)		holes	metres				
Rotary air blast (RAB)		holes	metres				
Air-core		holes	metres				
Auger		holes	metres				
Other (specify)		holes	metres				
Subtotal					\$		
Other Operations							
Costeaming/Trenching							
Bulk sampling							
Mill process testing							
Ore reserve estimation							
Underground development (describe)							
Mineral processing							
Other (specify)							
Subtotal					\$		
Access and Rehabilitation							
Track maintenance							
Rehabilitation							
Monitoring							
Other (specify)							
Subtotal					\$		

TOTAL EXPENDITURE	\$12,719	
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Section 7. Comments on your exploration activities:
<p>Exploration activities were delayed due to lengthy land access negotiations.</p>

I certify that the information contained herein, is a true statement of the operations carried out and the monies expended on the above mentioned tenement during the period specified as required under the <i>Northern Territory Mining Act</i> and the Regulations hereunder.	
<input checked="" type="checkbox"/> I have attached the Technical Report	
1. Name: Neil Rankine	2. Name:
Position: Land Manager	Position:
Signature:	Signature:
Date: 20 th September 2007	Date:

7.0 CONCLUSIONS AND RECOMMENDATIONS

Results from the 2006-2007 uranium target generation program have enhanced the prospectivity of the tenement area

7.1 PROPOSED EXPLORATION

The planned initial exploration consists of three phases of RAB drilling as listed below. Each phase would depend on positive results of the previous phase

1) Wide Spaced RAB Drilling for Mapping.

The aim of this phase is to map the target lithologies by wide spaced shallow drilling to bedrock. Mapping would define both compositional and textural lithologies best suited to host sedimentary uranium mineralisation and more importantly, reduction / oxidation (redox) facies within them. Mineralisation would concentrate at the redox boundaries. Oxidised facies would be red brown in colour and reduced facies grey, green or bleached white. Drill spacing for this phase would be on lines up to 2 km apart with holes every 200 metres.

2) Closer spaced RAB Drilling.

If suitable host reduced facies within oxidized facies are located, then the redox boundaries would need to be located. This would require shallow RAB drilling on lines 500 metres apart with holes every 50 metres.

3) Close spaced RB Drilling.

If the redox boundaries are broadly defined, then they need to be tested for mineralisation. This would involve inclined (-60 degrees) holes on lines 200 metres apart with drill holes every 25 metres. Holes would be 50 metres deep so that total geological sections are achieved.

If all Phases are positive and completed, it is expected that approximately 2,000 to 3,000 metres of drilling will be required for a budget in excess of \$50,000