

2008

SEL 13/98 Annual Report



Great South Land
Minerals Limited

Great South Land Minerals
August 2008

GREAT SOUTH LAND MINERALS LTD
ANNUAL REPORT 2008

VOLUME 1 OF 5

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GREAT SOUTH LAND MINERALS ANNUAL REPORT 2007-2008

EXECUTIVE SUMMARY

GREAT SOUTH LAND MINERALS (GSLM) has, in the last year, focused on the interpretation, consolidation and re-appraisal of our 2007 and older 2D seismic and integrating these data with gravity data (acquired by SOLO GEOPHYSICS in 2007) and with geological data. Reinterpretation of these data and the application of Monte Carlo modeling has led to the identification, study and volumetric appraisal of 17 leads and prospects. A reappraisal of the source rock potential of onshore Tasmania has been carried out. Comparative studies with analogous basins in Australia and elsewhere have also been made. Lead and prospect mosaics have been constructed and suitable well site locations identified. The well sites have been prioritized on the basis of prospectivity and estimated volume of prospective undiscovered petroleum. Numerous geological, engineering, societal and environmental studies have been conducted on these sites. Eagle nesting sites have to be avoided during exploration activity. Close liaison with eagle experts plus a helicopter-based, eagle nest survey have allowed GSLM eventually to locate a geologically and ecologically suitable drill site near Lake Echo. Detailed engineering, emergency, hydrogeological, environmental and geological plans have been completed for our planned initial site near Lake Echo and legal agreements signed with the landowner (GUNNS Ltd). A contract has been signed and payment for mobilization made to HUNT ENERGY, a leading petroleum drilling company based in Adelaide.

Bellevue #1 will be drilled near Lake Echo, to a depth of 2750m, once approvals have been obtained from Mineral Resources Tasmania. A further 6 wells are envisaged for 2008-2009 as well as acquisition, processing and interpretation of a further 500km of seismic lines.

TERREX SEISMIC conducted 271 line kilometres of VIBROSEIS 2D seismic in 2007. These data were processed by FUGRO in Perth. Further processing was carried out by FUGRO SEISMIC IMAGING in 2007 including AVO analyses of bright spots and flat spots on the Thunderbolt and Bellevue structures. The seismic data were analysed and interpreted in-house, using KINGDOM seismic interpretation software and cross sections and two way time maps were prepared. Down-hole seismic velocities obtained previously by GSLM at GSLM's Bruny Island and Hunterston stratigraphic well sites, were used to calculate depths to identified geological horizons and lithostratigraphic columns constructed. Suitable sites were identified using newly acquired gravity surveys of the Central Highlands and a subsequent combined geophysical/geological study by LEAMAN GEOPHYSICS. Refinements and discussions of the seismic interpretations were made over the 07/08 year by very experienced external consultants including Trent Spry and Brian Diamond of RPS ENERGY (Perth), Suleyman Turgut (Istanbul) and by Ekal Ltd (Melbourne). Subsequently, volumetric calculations of undiscovered prospective resource were carried out on the structures using standard petroleum industry programs utilising Monte Carlo probability techniques. These data were used to rank the structures. The Bellevue and Thunderbolt sites were eventually ranked as number 1 and 2 as they are on very large structures and test both the Gondwanan and Larapintine petroleum systems. The Bracknell, Butlers Rise, Interlaken, Cressy, Stockwell, Hunterston, Hummocky Hills, Scotts Tier, Lonnavele #2, Nile River, Macquarie River, Derwent Bridge, Quamby and Steppes are smaller, mainly fault-controlled structures and test the Gondwanan petroleum system.

A study on fault smear was initiated which shows the likelihood that most faults in these Gondwanan structures would have been sealed by shale smear both during charging and subsequently.

Geologically, economically and geophysically ranked well sites were then investigated for cultural, logistic and environmental suitability.

The Bellevue structure has been prioritized because of its size and prospectivity. Several sites have been identified on the basis of Two Way Time maps and initial on ground reconnaissance. However, a helicopter based survey of eagle nests commissioned by GSLM led to the exclusion of three geological promising sites just to the north of Lake Echo. Subsequent work has shown a site to the west of the northern shore of Lake Echo, to be geologically, logistically, culturally and environmentally suitable.

In addition to eagle-nest studies the following studies have been carried out at various potential well sites by numerous Tasmania-based consultants. These are:

Hydrogeology (by Leaman Geophysics)

Acoustic studies on the Hunt Energy 3 rig in South Australia (by Pieru Terts)

Acoustic studies on the Spaulding top-hole rig (by Bill Butler)

Acoustic studies on individual sites (by Terts and Butler)

Threatened Species (Phil Barker of VIPAC)

Forest Practices Plans and/or Special Values Assessment (Brian French, Chris Barry and Tony Stonjeck)

Cultural and European Heritage (Parry Kostoglou of ARCTAS)

Aboriginal Heritage (Rocky Sainty)

Environmental Management Plans (by Shane Bartel)

Rig inspection and drilling systems (by MODUSPEC)

In addition, certification was obtained from the Tasmanian Fire Service, public liability and well control insurance arranged, well control and first aid certificates of all drilling crew copied and full landowner agreements negotiated and obtained. Drilling Plans, Operations Plans and Emergency Response Plans for each well site were produced in-house by GSLM drilling manager Duncan New. Minor studies on basin comparisons, iodine in surface waters as geochemical indicators of petroleum leakage along the Tamar Lineament and seismic imaging of the Tamar lineament have also been carried out.

GSLM has commissioned GERALD SPAULDING DRILLING to drill the top hole of Bellevue #1 to a depth of 300m. At the time of writing the Hunt Energy Drill rig has been dismantled and is arriving in Tasmania. Subject to MRT approval, we expect to commence drilling operations in September 2008.

Clive Burrett, Chairman and Chief Geologist, GSLM and Empire Energy.

Proposed Exploration Plan 2008-2009

Subject to MRT permissions and final landowner approval, the company will be spudding Bellevue #1 in September 2008.

The total cost of Bellevue #1 is estimated to be in excess of \$5million.

It is planned to then move the Hunt Energy rig to Thunderbolt #1 to the east of the Florentine Valley.

Another 4 wells are planned for early 2009 but drilling will depend on the results of wells 1 and 2.

In addition 5 million dollars of additional seismic lines are planned for the 08/09 summer.

The total budget for SEL 13/98 is planned to be \$45 million in 2008/9.

September – October 08

Spud and drill Bellevue #1 Reports for Thunderbolt and other well sites. Write and compile well completion report.

October- November 08

Spud and drill Thunderbolt#1 Plan seismic.

December – January 08/09

Assess results from Bellevue and Thunderbolt, Spud well number 3. Plan seismic.

February –March 09

Well number 4 Seismic program

March-April

Well number 5, Seismic program.

April-May 09

Well number 6 Processing and interpretation of seismic.

May-June 09

Well number 7

June –July 09

Well number 8