

Department of Infrastructure, Energy and Resources

MINERAL RESOURCES TASMANIA

COPY



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Your Ref Our Ref 10MAY009.2:KF EL14/2009

27 May 2010

Great South Land Minerals Limited.
3 / 65 Murray Street
HOBART TAS 7000

Attention: Mr Malcolm Bendall

Dear Mr Bendall

GRANT AND ISSUE OF EXPLORATION LICENCE 14/2009

Please find enclosed your copy of the exploration licence. The term of the licence expires on 16 May 2012.

Your particular attention is drawn to the exploration and expenditure covenants of Schedule 2, Item 2 and the special provisions of Schedule 3 of the licence document. Extension of the licence beyond the two year term can only be considered if you have fully complied with the exploration and expenditure covenants in Schedule 2.

Please note that in order to obtain approval to drill the Bellevue and Thunderbolt wells you must submit a work program to Mineral Resources Tasmania and receive written approval to proceed. You have previously been provided with a checklist of documents that must be provided to obtain approval for drilling.

Whilst it may be possible to reuse some documents, in particular vegetation, hydrogeological and archaeological reports, a new application for approval to drill must include everything on the checklist.

Useful information for explorers is available on the Mineral Resources Tasmania (MRT) website, including:

- *Information for Explorers*
- *MRT Guidelines for Reporting*
- *Mineral Exploration Code of Practice*
- *Schedule for Onshore Exploration of Petroleum, Coal Seam Gas or Geothermal Substances*
- *Requirements for Onshore Drilling*

If you need further assistance please contact Tenement Administration on (03) 6233 8377 or email info@mrt.tas.gov.au.

Yours sincerely

Michael Leonard
DIRECTOR OF MINES

Encl.

SCHEDULE FOR ONSHORE EXPLORATION FOR PETROLEUM, COAL SEAM GAS OR GEOTHERMAL SUBSTANCES

January 2010

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PART 1: PRELIMINARY MATTERS

1. Objectives

The objectives of this schedule are to ensure that petroleum and geothermal exploration is conducted in accordance with good oilfield practice, and that the environmental, health and safety hazards and risks involved in undertaking petroleum or geothermal operations are eliminated or minimised so far as is practicable.

2. Workplace Health and Safety Act, 1995

This schedule does not alter any duties, obligations or procedures which apply under the *Workplace Health and Safety Act 1995*. The licensee shall ensure that drilling and other petroleum or geothermal operations conform with the requirements of the Act.

3. Definitions

In this Schedule:

'Completion' means a flowpath in a well that allows the production of fluids from, and the injection of fluid into, a discrete formation interval through the well, and includes the equipment necessary for that production or injection independent of other flowpaths in the well;

'Directional drilling' in relation to drilling a well means drilling that involves intentional changes in the direction of drilling;

'Facility' means a structure that:

- (a) is used or constructed for the purpose of recovering petroleum or geothermal energy; or
- (b) carries, contains or includes equipment for the drilling or workover of a well;

'Good oilfield practice' means all those things that are generally accepted as good and safe in:

- (a) the carrying on of exploration for petroleum; or
- (b) petroleum recovery operations.

'Incident' means an accident or dangerous occurrence;

'Lifecycle' of an operation, includes the design, construction, abandonment and rehabilitation stages of the operation;

'Practicable' in relation to eliminating or minimising hazards and risks means practicable having regard to:

- (a) the severity of the hazard or risk;
- (b) the state of knowledge about the hazard or risk and any means of eliminating or minimising that hazard or risk;
- (c) the availability and suitability of ways to eliminate or minimise that hazard or risk;
- (d) the cost of eliminating that hazard or risk;

'Workover operation' means a modification, maintenance or repair operation made to a well.

4. Suspension of operation of this schedule

The Director may give approval for the suspension of all or part of this schedule on the basis of a risk assessment where he is convinced that it is safe to do so.

PART 2: GENERAL CONDITIONS

5. Good Oil Field Practice

- (1) The Licensee must ensure that exploration is carried out to good oil field practice to protect persons, the environment and petroleum resources.
- (2) Work programs must be designed and carried out by persons with appropriate qualifications and experience.
- (3) Where geothermal drilling is proposed, the licensee must demonstrate that procedures meet the same standard of safety and environmental control as that required by good oil field practice in petroleum exploration.

6. Equipment validation

Before any drilling commences, the Licensee shall provide the Director with reports from suitably qualified and independent assessors confirming that the drill rig and associated equipment has the capability to undertake the program in question and that the state of maintenance of the equipment satisfies current oilfield standards. Relevant Australian standards must be applied and otherwise those of the American Petroleum Institute must apply. Drilling may not commence without such certification.

7. Competent Persons

The Licensee shall ensure that employees and independent contractors associated with petroleum operations are competent, by reason of having the necessary skills, training and ability, to undertake their duties.

8. Control of environmental, health and safety hazards

- (1) The Licensee shall ensure that each environmental, health and safety hazard associated with the lifecycle of a petroleum operation is eliminated or, if it is not practicable to eliminate the hazard, must ensure that the risk associated with the hazard is minimised so far as is practicable and according to good oil field practice.
- (2) The Licensee shall ensure that the control of the hazards and risks is maintained in the event of significant change in conditions, and
 - (a) that systems are established to detect and respond to emergency situations;
 - (b) that the systems are documented and the documentation retained for inspection purposes;
 - (c) that there are regular audits and reviews of the systems for their continuous improvement.
- (3) The Licensee shall establish and maintain management systems to ensure and demonstrate compliance with condition (8)(2).

9. Control of fire

Before any drilling commences, the Licensee shall obtain confirmation that precautions to control a fire in the event of flaring meet the requirements of the Tasmania Fire Service. The Licensee shall provide the Director with a copy of the confirmation.

10. Noise

- (1) Where residences exist within two kilometres of a well site the Licensee shall advise those residents of the operating hours and expected noise levels before any drilling commences. The Licensee should employ a noise consultant in this situation.
- (2) The Licensee shall ensure that noise emissions are controlled. Noise levels at nearby residences must conform with those which would be applied to permits for industrial operations in a similar situation.
- (3) If requested by the Director the licensee shall provide him with a copy of report from an independent consultant predicting noise levels at nearby residences and providing details of control measures which should be applied to comply with this condition.

11. Submission of data

Reports on operations, copies of original data and the results and interpretations of all processing tests, surveys, measurements and analyses must be submitted as soon as is practicable, in accordance with MRT guidelines.

12. Daily drilling reports

- (1) A licensee who undertakes any drilling on any day must furnish to the Director a **daily drilling report** in accordance with the requirements listed below.
- (2) A daily drilling report —
 - (a) must relate to a period not exceeding 24 hours, calculated from the end of the period reported on in the immediately preceding daily drilling report (unless the report is the first report for the well);
 - (b) must be provided to the Director —
 - (i) unless subparagraph (ii) applies — within 12 hours after the end of the period to which it relates;
 - (ii) if the end of the period of 12 hours under subparagraph (i) would fall on a Saturday, Sunday or public holiday — by 10 am on the first business day following the end of that 12 hour period.
- (3) A daily drilling report must include —
 - (a) the name and number of the well;
 - (b) a report number or the number of days from spud;
 - (c) the time and date of well spud and rig release;
 - (d) the depth of the well at the end of the reporting period (in metres);
 - (e) information on operations carried out during the reporting period;
 - (f) the mudlog for the reporting period;
 - (g) resource show descriptions;
 - (h) a description of the formations, and the depth of any geological formation tops, encountered during the reporting period;
 - (i) well logs acquired during the reporting period;
 - (j) the drill stem test intervals and results, including recoveries and the API gravity of any liquid hydrocarbons recovered during the reporting period, and the resistivity of any water recovered during the reporting period;
 - (k) results of cement calculation; and
 - (l) results of formation integrity tests (including leak off tests).

13. Well completion reports

- (1) A licensee who undertakes any drilling must furnish to the Director, within 6 months after rig release, a **well completion report** in accordance with the requirements of this schedule.
- (2) A well completion report must include —
 - (a) the name and number of the well;
 - (b) a summary page or pages, located at the beginning of the report, which set out in a concise form basic information relating to the well found in the report; and
 - (c) a diagram that shows —
 - (i) the latitude and longitude of the well in GDA 94 values, computed within accuracy levels approved by the Director;
 - (ii) the direction of true north;

- (iii) any other well and all roads, access tracks, public utilities or substantial buildings or other structures within 300 metres of the site of the well, and any significant topographical, environmental or cultural features;
 - (iv) where applicable, the boundaries and legal description of the section of land within which the well is situated;
 - (d) the name of any drilling contractor;
 - (e) the spud date, the date of rig release, and the total depth drilled (to drillers and loggers depths, in metres);
 - (f) a summary of the lithologies encountered during the drilling, and a summary of the geological formations taken to have been encountered during drilling;
 - (g) a composite log, formulated to a scale comparable with the wireline logs used in connection with the drilling, that includes the following:
 - (i) the bit record;
 - (ii) the penetration rate;
 - (iii) the casing record;
 - (iv) a lithological summary;
 - (v) geological formation tops;
 - (vi) representative open hole and cased hole logs;
 - (vii) sidewall core points;
 - (viii) palaeontological analysis results;
 - (ix) hydrocarbon shows;
 - (x) the drillstem test intervals and results;
 - (xi) core intervals and recoveries;
 - (xii) the log analysis result;
 - (h) core and sidewall sample descriptions, and an analysis of these;
 - (i) relevant petrographic descriptions;
 - (j) the palaeontological analysis results and interpretation, if undertaken;
 - (k) the formation test reports, charts and interpretation;
 - (l) log interpretations;
 - (m) details of hole sizes, casings and cementing that has been undertaken;
 - (n) details of well completion or abandonment;
 - (o) a velocity survey, if undertaken;
 - (p) for exploration and appraisal wells — an interpreted post drill structure map of the primary objective and an interpreted seismic section;
 - (q) a location survey;
 - (r) headflow data — downhole temperature, thermal conductivity etc. for geothermal wells.
- (3) For the purposes of clause (2), all depth references for a well must be in metres.

14. Petroleum reservoir fluid analysis reports

- (1) A licensee who samples reservoir fluid (including water) must furnish to the Director, within 6 months after the date of sampling, a **petroleum reservoir fluid analysis report** in accordance with the requirements of these regulations.
- (2) A petroleum reservoir fluid analysis report must include —
 - (a) the name and number of the well;
 - (b) the date on which the reservoir fluid was sampled;
 - (c) the interval from which the sample was obtained;
 - (d) a description of any analysis or test that has been performed on the sample;
 - (e) the results of any analysis or test;
 - (f) the name of the laboratory or other place at which any analysis or test was undertaken.
- (3) A copy of a report under this regulation will be available for public inspection after the expiration of two years from the date on which the sampling was carried out.

15. Other technical reports

- (1) A licensee who prepares or commissions any other technical report in connection with an activity conducted under the licence must furnish a copy of the report to the Director within two months after the report is in a reasonable state of completion or received by the licensee (as the case may be).

16. Reporting of incidents

- (1) Where an incident occurs that:
 - (a) involves the release or spill of more than 80 litres of petroleum; or
 - (b) involves the release of a petroleum emulsion in which the petroleum concentration is greater than 30 milligrams per litre; or
 - (c) involves any uncontrolled escape by ignition of flammable or combustible material; or any uncontrolled escape of high temperature (>40° Celsius) fluid or gas,the Licensee shall submit to the Director a report of as soon as is practical after the incident occurs.
- (2) The report must include:
 - (a) the date, time and place of the incident;
 - (b) a description of the incident;
 - (c) any known or suspected causes of the incident;
 - (d) a description of the steps taken to minimise the impact of the incident;
 - (e) a description of the steps taken or proposed to prevent a recurrence of the incident.

PART 3: DRILLING AND WORKOVER OPERATIONS

17. Operation plan for drilling or workover operations

- (1) The Licensee shall submit a operation plan in accordance with good oilfield practice and satisfactory to the Director for drilling or workover operations.
- (2) An operation plan for drilling or workover operations must include:
 - (a) details of the operation, including the location of wells and any equipment to be used;
 - (b) an environment and safety assessment which:
 - (i) identifies the environment, health and safety hazards and risks associated with the operation;
 - (ii) provides an assessment of the risks;
 - (iii) identifies the measures to be used to eliminate the hazards and to minimise the risks so far as is practicable.
 - (c) a description of the management systems.
- (3) The operation plan must be submitted at least one month before the proposed start of the drilling or workover operations, unless the Director agrees otherwise. The plan must demonstrate compliance with good oilfield practice.

18. Drilling at location not approved

- (1) The Director may direct that a well that is drilled at a location that is not identified in an operation plan for drilling operations must be plugged and abandoned.
- (2) The holder of an authority must comply with such a direction within the time specified by the Director in giving the direction.

19. Casing requirements

The Licensee shall ensure that a well is lined with casing and that the casing is cemented in accordance with good oilfield practice.

20. Blow-out prevention equipment

The Licensee shall ensure that the blow-out prevention equipment (including accumulators) of a well is installed, operated, maintained and pressure tested in accordance with good oilfield practice.

21. Formation integrity testing

The Licensee shall ensure that formation integrity testing of a well is undertaken before drilling to the next casing point in accordance with good oilfield practice.

22. Drilling fluid

The Licensee must ensure that the characteristics and the use of drilling fluid and equipment used in a well provide adequate control of any sub-surface pressures likely to be encountered in the well.

23. Cuttings, cores and fluid samples

- (1) The Licensee shall ensure that any cuttings, cores or fluid samples recovered in connection with the drilling of a well are processed and stored in accordance with good oilfield practice and that undue deterioration and loss of the cuttings, cores and fluids is prevented.
- (2) The Licensee shall ensure that the results obtained from any analysis of a fluid sample is submitted to the Director as soon as is practicable after the results are obtained.
- (3) If directed to do so by the Director, the Licensee shall give the Director cuttings, cores or fluid samples in accordance with the direction.

24. Well samples

- (1) A licensee must provide all cuttings and core obtained from a well to the Core Library within one month after rig release.
- (2) Each cutting sample must —
 - (a) be at least 200 g weight;
 - (b) be washed and dry;
 - (c) be contained in a container suitable for long-term storage, as determined by the Director;
 - (d) be clearly and permanently marked with the well name and number and the depth interval represented by the cutting (in metres).
- (3) A licensee may, with the approval of the Director, retain a $\frac{2}{3}$ proportion of a core (split length wise) for analysis.
- (4) Cuttings and core must be accompanied by a statement that includes —
 - (a) the name and number of the relevant well;
 - (b) the depth ranges from which the samples were obtained;
 - (c) the cuttings sample interval for each depth range;
 - (d) a statement identifying any variation from an evaluation program previously proposed under this schedule;
 - (e) a statement as to whether the core is complete and, if it is not complete —
 - (i) a list of the intervals that are not complete; and
 - (ii) a statement as to why the core is not complete.

25. Coring, logging and testing

- (1) If the Director considers that the Licensee is not undertaking sufficient coring, logging or testing to evaluate an occurrence, or potential occurrence, of petroleum, the Director may direct the Licensee to carry out any coring, logging and testing that the Director thinks is necessary and reasonable in the circumstances.
- (2) The Licensee shall comply with such a direction within the time specified by the Director.

26. Age dating

- (1) The Director may direct the Licensee to undertake all reasonable steps to ascertain the ages of rock strata penetrated by an exploration well.
- (2) The Licensee shall comply with such a direction within the time specified by the Director.

27. Well evaluation logs

- (1) Other than with surface or intermediate casing, the Licensee shall ensure that before a well is cased, completed or abandoned, a suite of logs is run and recorded.
- (2) The Licensee shall ensure that the suite of logs is sufficient to at least provide a proper determination of:
 - (a) formation porosity;
 - (b) formation fluid saturation;
 - (c) stratigraphic correlation with surrounding wells;
 - (d) if inadequate control exists in the vicinity of the well velocity control.
- (3) Condition 27(2) does not apply if:
 - (a) there is an immediate threat to the integrity of the well; or
 - (b) the Director states in writing that a suite of logs is not required before casing in certain circumstances, and those circumstances exist.
- (4) The Licensee shall ensure that a copy of each log run is submitted to the Director as soon as is practicable after it is recorded.

28. Protection of aquifers

The Licensee shall ensure that all reasonable steps are undertaken during an operation on a well to prevent communication between, leakage from, or the pollution of, aquifers.

29. Consent to conduct production or drill stem tests

- (1) The Licensee shall not conduct a production or drill stem test in an exploration or development well that has not been opened to production except with, and in accordance with, the written consent of the Director.
- (2) An application for consent must provide details of the testing program and the equipment to be used.

30. Well completion

- (1) As far as is practicable, the Licensee shall ensure that the surface, and sub-surface, equipment of a completed well is arranged to allow the pressure and temperature to be measured, at the well-head and at the bottom of the well and also to allow for any other test required for the maintenance or management of the well or the reservoir.
- (2) The Licensee shall ensure that the surface equipment is fitted with sampling means.
- (3) On the completion and any re-completion of a well, the Licensee shall make and retain for inspection purposes an accurate record of all;
 - (a) sub-surface equipment; and
 - (b) material remaining in the well as a result of maintenance work.
- (4) The Licensee shall ensure that before opening a well to production and after every major repair, re-completion or workover operation, the well-head and flow line of the well is pressure tested.

31. Protection of well site

The Licensee shall ensure that adequate controls are in place to protect a completed well site from outside interference and to ensure the safety of the public.

32. Disposal of oil or gas produced

The Licensee shall ensure that any oil or gas; or high temperature (>40° Celsius) fluid or gas:

- (a) that is circulated out of, or produced from, a well during a drilling, testing or repair operation; and
- (b) that has not flowed through the flow line of the well to a gathering facility

is disposed of in a manner that minimises any environmental damage in accordance with good oilfield practice.

33. Consent for workover operations

- (1) The Licensee shall ensure that a well is not worked over except with, and in accordance with, the written consent of the Director.
- (2) An application for consent must include details of:
 - (a) the zone in the well to be abandoned (if any);
 - (b) the zone in the well to be developed (if any);
 - (c) the proposed modifications, maintenance or repair to equipment in the well;
 - (d) the proposed modifications, maintenance or repair to the well-head and production equipment;
 - (e) the proposed procedures for undertaking the workover operation.
- (3) The Licensee shall ensure that a well that is to be worked over for gas lift operations is pressure tested in the 12 months before the operations start to prove the integrity of the well production casing, tubing and associated equipment.

34. Cessation of drilling operations

The Licensee shall ensure that a well is made safe in accordance with good oilfield practice whenever drilling operations cease.

35. Consent to suspend or abandon a well

- (1) The holder of an authority must ensure that a well is not suspended except with, and in accordance with, the written consent of the Director.
- (2) The Licensee shall ensure that a well with a measurable interval of petroleum is not abandoned except with, and in accordance with, the written consent of the Director.
- (3) An application for consent to suspend or abandon a well must include:
 - (a) the name and number of the well;
 - (b) the reasons for the proposed suspension or abandonment;
 - (c) details of the proposed suspension or abandonment program, including the method by which the well will be made safe.
- (4) Confirmation of completion of the approved abandonment or suspension program must be provided to the Director at the completion of the program.
- (5) Where a well has been suspended a report is to be provided at six monthly intervals following the suspension outlining the proponent's plans for development or abandonment of the well.

ONSHORE WELLS: APPROVAL TO DRILL CHECKLIST

The following documents must be provided before approval to drill an onshore well can be given.

- ☐ Landowner's Consent
- ☐ Threatened Species Study
- ☐ Cultural Heritage Study (Aboriginal and European)
- ☐ Hydrogeological Report
- ☐ Acoustic Survey
- ☐ Tasmanian Fire Service Certificate
- ☐ Third party validation of drilling rig and operating systems
- ☐ Driller's Well Control and First Aid Certificates
- ☐ Public Liability Insurance

Operation Plan

- ☐ Drilling Program
- ☐ Drilling Montage
- ☐ Drilling Operations Manual (Operator)
- ☐ Drilling Operations and Safety Manual (Drilling Company)
- ☐ Environmental Impact/Assessment detailing the potential environmental impacts, sumps, water, site hygiene, lease construction, etc.
- ☐ Emergency Response Plan (Drilling Company)
- ☐ Operator's bridging document to the Emergency Response Plan



Exploration Licence

Dated

17/5/2010

The Honourable Bryan Alexander Green MP ("Minister")

and

Great South Land Minerals Limited. ("Licensee")

The Crown Solicitor of Tasmania

GPO Box 825

Hobart 7001

Phone: (03) 6233 3409

Fax: (03) 6233 2874

Email: crown.solicitor@justice.tas.gov.au

Exploration Licence

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Details

Parties		Minister, Licensee
Minister	Name	The Honourable Bryan Alexander Green MP, ("the Minister" which expression, where the context admits or requires, includes the Minister's successors in office and a person acting as such Minister for the time being).
	Address	The Director of Mines, PO Box 56, Rosny Park, Tasmania 7018
	Telephone	03 6233 8341
	Fax	03 6233 8338
	Attention	The Director of Mines
Licensee	Name	Great South Land Minerals Limited. ("Licensee").
	Incorporated in	Hobart
	Registration Number	A.C.N. 068 650 386
	Address	3/65 Murray Street, Hobart, TAS 7000
	Telephone	03 6231 3529
	Fax	03 6234 9075
	Attention	Mr Malcolm Bendall
Recitals	A	The Minister has decided to grant the Licensee's application under the Act for an exploration licence over the Licence Area, subject to the terms and conditions in this Licence and the provisions of the Act.
	B	The Minister is satisfied that the Licensee has satisfied the conditions, and done the things, required to be satisfied and done for the issue of an exploration licence under the Act .
Date of Licence	See Signing page	

General terms

1 Definitions and interpretation

1.1 Definitions

In this Licence unless the contrary intention appears, or the context requires otherwise:

"Act" means the *Mineral Resources Development Act 1995*;

"Authorised Purpose" means to Explore in the Licence Area, for minerals of the Category (as defined in the Act) shown in Item 1 of Schedule 2;

"Business Day" means a day on which authorised deposit-taking institutions (as defined in the *Banking Act 1959* (Cwlth)) in Hobart are open for general banking business excluding, Saturdays, Sundays and public holidays;

"Deposit" means the sum shown in Item 3 of Schedule 2, determined by the Minister as the security deposit under the Act for this Licence, as varied under clause 7;

"Director" means the Director of Mines appointed under section 8 of the Act;

"Expenditure Commitment" means the sum in Item 2 in Schedule 2;

"Exploration Program" means:

- (a) the program for years one and two in Item 2 in Schedule 2; and
- (b) for each subsequent year, the program for that year approved by the Director;

"Explore" has the same meaning as in the Act;

"Insolvent" means, for a natural person:

- (a) having committed an act of bankruptcy;
- (b) being made bankrupt; or
- (c) being subject to an arrangement under part IV of the *Bankruptcy Act 1966* (Cwlth);

and for a corporation:

- (d) being wound up (other than for the purpose of restructure);

- (e) having a controller appointed;
- (f) coming under administration under the *Corporations Act 2001* (Cwlth);
- (g) being subject to an order for winding up or reconstruction; or
- (h) having a receiver, a receiver and manager, an agent in possession, a trustee or guardian appointed to the property of the corporation;

“Inspector” has the same meaning as in the Act;

“Intellectual Property” means all copyright, patents, registered and unregistered trademarks, registered designs, trade secrets and know-how and all other intellectual property rights resulting from intellectual activity;

“Interest Rate” means the aggregate of two per cent (2%) per annum and the same rate as the rate prescribed for the purposes of section 36(a)(ii) of the *Crown Lands Act 1976*;

“Licence” means this exploration licence issued under the Act;

“Licence Area” means the land described in Schedule 1;

“Legislative Requirements” means Acts, Ordinances, regulations, by-laws, orders, awards and proclamations of the Commonwealth, the State or a local government body exercising lawful jurisdiction;

“Moral Rights” means:

- (a) a right of attribution of authorship;
- (b) a right not to have authorship falsely attributed; or
- (c) a right of integrity of authorship;

granted to creators under the *Copyright Act 1968* (Cwlth);

“Rent” means the annual rent prescribed under the Act;

“Reports” means the reports that the Licensee submits to the Director under the Act;

“Special Provisions” means the terms in Schedule 3;

“Term” means 2 years from the date in Item 4 of Schedule 2.

1.2 Interpretation

In this Licence, unless the contrary intention is expressed:

- (a) a reference to this Licence includes its schedules, appendices, annexures and attachments, and any variation or replacement of any of it;
- (b) a reference to a statute, ordinance, code, or other legislative instrument includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (c) the singular includes plural and conversely;
- (d) a reference to a gender includes reference to each other gender;
- (e) a reference to a person includes:
 - (i) an individual, a firm, a body corporate, an unincorporated association or a statutory or responsible authority or other authority, as constituted from time to time; and
 - (ii) the person's executors, administrators, successors and permitted assigns;
- (f) an agreement, representation or warranty by, or for, two or more persons binds, or is for their benefit, together and separately;
- (g) a covenant forbidding a person from doing something, also forbids that person from authorising or allowing another person to do it;
- (h) a reference to any thing (including an amount) is a reference to all or any part of it, and a reference to a group of persons is a reference to any one or more of them;
- (i) a reference to a clause, paragraph, schedule, annexure or appendix, is a reference to a clause, paragraph, schedule, annexure or appendix in or to this Licence;
- (j) a reference to a day is to be interpreted as the period of time starting at midnight and ending twenty-four (24) hours later;
- (k) a reference to a month or a year means a calendar month or a calendar year respectively;
- (l) words or phrases derived from a defined word have a corresponding meaning to the defined word;
- (m) a term of inclusion is not to be interpreted as a term of limitation;
- (n) all payments referred to in, or to be made under, this Licence must be in Australian dollars;

- (o) a reference to the payment of money within a specified time, means the full clearance of any cheque into the payee's account within that time;
- (p) it operates under Tasmanian time;
- (q) headings are included for convenience only and do not form part of it and are not be used in its interpretation;
- (r) an uncertainty or ambiguity in the meaning of a provision is not to be interpreted against a party only because that party prepared the provision;
- (s) if a day appointed for the payment of money or the performance of an act, falls on a day that is not a Business Day, then the day for the payment of that money or the performance of that act will instead be the Business Day immediately following the appointed day; and
- (t) "writing" includes typing, lithography, photography and other modes of representing or reproducing words, figures, diagrams and symbols in a tangible and visible form.

2 Grant of Licence

2.1 Grant

In consideration of the Licensee paying the Rent and undertaking the Exploration Program, the Minister, acting under section 20(1) of the Act, issues a licence to the Licensee exclusively for the Authorised Purpose, subject to:

- (a) the terms and conditions in this Licence; and
- (b) the provisions of the Act.

2.2 Term

This Licence is in force for the Term, unless revoked earlier.

3 Rent

The Licensee must pay the Rent as required under the Act.

4 Conditions of Licence

In addition to the conditions imposed under the Act, this Licence is issued subject to the following conditions:

- (a) the Licensee must not use the Licence Area for any purpose other than the Authorised Purpose;

- (b) the Licensee must observe and perform the Special Provisions strictly and punctually;
- (c) the Licensee must comply with all applicable Legislative Requirements;
- (d) the Licensee must insure as provided in clause 9;
- (e) the Licensee must not become Insolvent;
- (f) the Licensee must comply strictly with:
 - (i) the Licensee's covenants in clause 6; and
 - (ii) the Licensee's obligation under clause 7(b);
- (g) the Licensee must take immediate action to suppress any fire, for which there is no permit, that commences on the Licence Area during the execution of an Exploration Program.

5 Licensee's failure to comply with a condition

5.1 Minister may remedy default

The Minister, or a person appointed by the Minister, may take whatever action is necessary to remedy a breach of a Legislative Requirement or Licence condition, without prejudice to any other available remedy.

5.2 Licensee must reimburse Minister

The Licensee must reimburse to the Minister all costs incurred under clause 5.1 within seven days of demand, together with interest at the Interest Rate, calculated from the date of expenditure by the Minister to the date of payment by the Licensee.

6 Licensee's covenants

6.1 Covenants

The Licensee covenants with the Minister as follows:

- (a) to investigate the mineral potential of the Licence Area by implementing the Exploration Program;
- (b) to give the Director sufficient details of proposed exploration activities to enable assessment of potential environmental effects.
- (c) not to commence work on the Licence Area until written approval has been received from MRT;
- (d) to complete the Exploration Program and meet the Expenditure Commitment punctually;

- (e) to submit to the Director, before the start of the third and each subsequent year of the Term, an Exploration Program for the following year of the Term; and
- (f) to abide by conditions placed on work approvals;
- (g) to comply with the provisions of the *Mineral Exploration Code of Practice*;
- (h) to notify the relevant land manager before entering onto State Forest or Crown Land and to comply with the reasonable requirements of the land manager when conducting exploration operations;
- (i) to compensate or make available for salvage any forest produce that is removed during exploration on State Forest land at its value at the time of removal, as assessed by the District Forester;
- (j) to give Forest officers and their agents free access to the Licence Area if on State Forest land, including the use of roads and tracks for forestry purposes throughout the Term;
- (k) to ensure that the Licensee's field personnel are fully aware of, and comply with, the conditions of the Licence and the provisions of the *Mineral Exploration Code of Practice*;
- (l) to submit reports in the format and with the content specified in the MRT Guidelines for Reporting;
- (m) to submit a relinquishment or final report upon expiry, relinquishment or cancellation of all or part of the Licence, at least 30 days before the expiry or surrender date.

7 Increased security deposit

- (a) The Minister may require the Licensee to increase the value of the Deposit whenever, and as often as, the Minister sees fit.
- (b) The Licensee must provide any increased Deposit within 20 Business Days after being required to do so.

8 Licensee's indemnities and waiver

8.1 Licensee indemnifies Minister for third party risk

The Licensee indemnifies the Minister against all present and future legal liability, claims, or proceedings for:

- (a) personal injury to, or death of a third party;
- (b) either or both loss of, or damage to, property of a third party; and

- (c) financial loss of a third party;

arising from, or attributable to, the Licensee's presence on, or use of, the Licence Area.

8.2 Licensee indemnifies Minister against loss and damage

The Licensee indemnifies the Minister against all loss and damage to the Licence Area and all property on it arising from, or attributable to, the Licensee's presence on, or use of, the Licence Area.

8.3 Waiver of rights of recovery from the Minister

The Licensee waives all present and future rights to claim against the Minister for:

- (a) personal injury to, or death of, the Licensee;
- (b) either or both loss of, or damage to, any of the Licensee's property; and
- (c) financial loss to the Licensee;

arising from, or attributable to, the Licensee's presence on, or use of, the Licence Area.

8.4 Nature of indemnities and waiver

The indemnities and waiver in this clause 8:

- (a) do not extend to liability caused by the Minister's wrongful (including negligent) act or omission;
- (b) are continuing obligations of the Licensee, separate and independent from any other obligations; and
- (c) survive the termination of this Licence.

9 Insurance

9.1 Licensee to insure

The Licensee must hold and keep current throughout the Term and until the Licensee ceases to enter the Licence Area, contracts of insurance with a reputable insurer lawfully carrying on insurance business in Australia, indemnifying:

- (a) the Minister's and the Licensee's respective liability for:
 - (i) personal injury to, or death of, a third party; and
 - (ii) either or both loss of, or damage to, the property of a third party;

for at least the sum shown in Item 5 of Schedule 2, for each individual claim or series of claims arising out of a single occurrence, or for such other amount as the Minister reasonably determines from time to time;

- (b) the Licensee's liability for workers' compensation; and
- (c) any other risks that the Minister reasonably requires the Licensee to insure against, for the amount stipulated by the Minister, to the extent that the claim for indemnity is not caused by the Minister's wrongful (including negligent) act or omission.

The liability to be insured against under paragraph (a) is liability arising from, or attributable to, the Licensee's occupation or use of the Licence Area, to the extent that the injury, death, damage or loss is caused by a wrongful (including negligent) act or omission of the Licensee or the Licensee's employees, agents, sub-contractors or invitees.

9.2 Crown to be named as principal

Insurance under clause 9.1(a) must cover "the Crown in Right of Tasmania" as principal under the insurance contract.

9.3 Licensee to notify Director

The Licensee must notify the Director in writing as soon as practicable:

- (a) if an insurance contract taken out under clause 9.1 lapses, is cancelled or is materially altered; or
- (b) if an insurance contract taken out under clause 9.1 is materially altered; or
- (c) if the Licensee claims, or becomes entitled to claim under such an insurance contract for something related to this Licence.

9.4 Evidence of insurance

The Licensee must give the Director evidence of:

- (a) the terms of; and
 - (b) payment of the premium for;
- each insurance contract taken out under clause 9.1,
- (c) before the Licensee exercises rights under the Licence; and
 - (d) before each due date for renewal of each such insurance contract.

9.5 Minister may insure

If the Licensee fails to hold or renew each insurance contract required under clause 9.1, then without being obliged to do so, the Minister may:

- (a) take out or renew an insurance contract that the Licensee does not hold or has not renewed; and
- (b) pay any unpaid premium.

The Licensee must pay to the Director, on demand, all costs that the Minister or the Director incurs to do that, and interest on those costs, at the Interest Rate, from the date of outlay to the date of payment.

9.6 Licensee not to prejudice insurance

The Licensee must not do anything that may result in an insurance contract taken out under clause 9.1, or any part of it, becoming invalid or unenforceable.

10 Licence to use Reports

10.1 Grant of licence

Subject to clauses 10.2 and 10.3, the Licensee grants to the Minister a permanent, irrevocable, free, world-wide, non-exclusive licence (including a right of sub-licence) to use, reproduce, publish, adapt and exploit the Intellectual Property in all Reports, for any Crown purpose.

10.2 Licensee does not warrant ownership

- (a) The Licensee does not warrant ownership of all Intellectual Property in the Reports.
- (b) The Licensee must use best endeavours to identify to the Director, those parts of each Report in which another person holds Intellectual Property rights.

10.3 Confidentiality of Reports

- (a) The Minister will keep confidential, for the Term and any renewal of the Term, all Reports about activities lawfully conducted under the Licence, unless:
 - (i) the Licensee waives entitlement to confidentiality for a Report; or
 - (ii) a Report deals exclusively with areas that are no longer part of the Licence Area.
- (b) The Licensee's right to confidentiality of the Reports:

- (i) continues under a new consolidated mining licence or other tenement issued on condition of surrender of the original tenement, to enable the granting of the new consolidated mining licence or other tenement; but
- (ii) ceases if the Licensee fails to lodge Reports as required under the Act.

10.4 Moral Rights consent from Licensee

The Licensee unconditionally consents to any infringement of the Licensee's Moral Rights resulting from any use of the Reports by or on behalf of the Crown, for any Crown purpose.

10.5 Moral Rights consent from third party authors

To the extent that a third party has Moral Rights in the Reports, the Licensee warrants that it has obtained the third party's unconditional consent to any use of those materials by or on behalf of the Crown, for any Crown purpose.

10.6 Supply of documentary evidence

If the Director so requests, the Licensee must promptly provide to the Director, all Moral Rights consents required by clauses 10.4 and 10.5.

11 Goods and Services Tax

11.1 GST exclusive

Subject to any other provision of this Licence expressing a contrary intention, if GST is imposed on a supply made under it, then the party paying for the supply must pay the amount of the GST to the party making the supply, at the same time as, and in addition to, the amount payable for the supply.

11.2 Tax invoice

A party making a taxable supply under this Licence must give the recipient a tax invoice for the taxable supply when that supply is made.

11.3 Entitlement to input tax credit

If, under this Licence, a party is required to indemnify another party, or to make a reimbursement or contribution to another party, and that other party can obtain an Input Tax Credit on an acquisition associated with that indemnity, reimbursement or contribution, then the amount the party is required to pay is:

- (a) reduced by the amount of that Input Tax Credit; but

- (b) increased by any GST payable by that other party in respect of the indemnity, reimbursement or contribution.

11.4 Defined terms in GST Act apply

In this clause “GST” refers to goods and services tax under *A New Tax System (Goods and Services) Act 1999* (“GST Act”) and the terms used have the meanings as defined in the GST Act.

12 Notices

12.1 Giving a notice

- (a) A notice or other communication to be given or made under this Licence must be in writing and addressed, as the case may be, to the receiving party at their address in Schedule 1.
- (b) A party may from time to time change its address or number for service by giving written notice to the other party.

12.2 Serving a notice

A notice or other communication is taken to have been duly served:

- (a) in the case of hand delivery - when delivered;
- (b) if sent by prepaid post - on the third Business Day after the date of posting;
- (c) if sent by facsimile transmission (if the sending facsimile machine produces a print out of the time, date and uninterrupted transmission record of the sending of the notice) - upon completion of sending if completion is within ordinary business hours in the place where the recipient’s facsimile machine is located, but if not, then at 9.00 am. on the next Business Day.

12.3 Sufficiency of notice etc

A notice or other communication to be given or made under this Licence, is sufficient if:

- (a) in the case of the Minister, it is signed by the Minister, or a duly authorised officer of the Minister’s Department, or the Minister’s solicitors;
- (b) in the case of the Licensee, it is signed by the Licensee or the Licensee’s agent or solicitors.

12.4 Signatures

A printed or copied signature is sufficient when sending a demand, written consent or other communication by facsimile transmission.

13 Exercise of powers

13.1 Minister may delegate

The Minister may exercise any powers, authorities and discretions through permanent officers or any other person or corporation appointed in writing for that purpose.

13.2 Minister's consent

If the Minister's consent is required to be obtained under the provisions of this Licence, the Minister may give or withhold the consent at the Minister's absolute discretion and on the conditions that the Minister imposes.

14 Governing law and jurisdiction

14.1 Law of Tasmania

This Licence is governed by the law of Tasmania, and the parties submit to the jurisdiction of the Courts of Tasmania.

14.2 Proceedings issued under or about this Licence

Any proceedings issued against the Minister or the Director under or about this Licence, must be instituted either:

- (a) in a Tasmanian court; or
- (b) in the Federal Court, from the Tasmanian Registry of that court.

15 Confidentiality

- (a) Despite any confidentiality or intellectual property right subsisting in this Licence or a schedule, appendix, annexure or attachment to it, either party may publish all or any part of it without reference to the other.
- (b) Nothing in this clause derogates from a party's obligations under the *Personal Information Protection Act 2004* (Tas) or the *Privacy Act 1988* (Cwlth).

Executed as a deed.

Signing page

Dated: 17/5/2010

Signed Sealed and Delivered for)
The Crown in Right of Tasmania)
by the Honourable Bryan)
Alexander Green MP being and as)
the Minister for Energy & Resources)
in the presence of:

[Signature]

[Signature]

Signature of witness

[Signature]

Name of witness (block letters)

3 DE WITNESS

Address of witness

Ministrouse Advisor

Occupation

Executed for and on behalf of)
Great South Land Minerals Limited.)
(ACN 068 650 386) under section)
127(1) of the Corporations Act 2001)
(Cwlt):



[Signature]
Directo

Director/Secretary

Schedule 1

The Licence Area

The area shown surrounded by magenta lines on the attached map of the Licence Area **excluding** the areas within those magenta lines, shown on the attached map of the Excluded Areas

Excluded Areas

As shown on the attached map

Total area of the Licence Area: 3108 sq. km.

Addresses for service of notices

1. **The Minister:** As in the Details

2. **The Licensee:** As in the Details

Schedule 2

Item 1 (Refer clause 1.1, "*Authorised Purpose*")

Mineral Category: Category 4 – Petroleum (Oil & Gas) excluding coal seam gas.

Item 2 (Refer clauses 1.1 and 6.1 "*Covenants*")

The Expenditure Commitment for the first two years of the Term is as follows:

Year 1: \$3,025,000

Year 2: \$4,525,000

Total minimum expenditure for first two years \$7,550,000

The Exploration Program for the first two years of the Term is as follows:

Year 1: Completion of the Bellevue #1 well with a petroleum industry standard drilling rig to a depth of 2800m.

Year 2: Completion of the Thunderbolt #1 well with a petroleum industry standard drilling rig to a depth of 2600m.

Item 3 (Refer clause 1.1, "*Deposit*")

Deposit: \$75,000.00 prior to issue of the licence;
to be raised to \$200,000.00 per drill site before approval to
drill will be given.

Item 4 (Refer clause 1.1, "*Term*")

Term starting date: 17/5/ 2010.

Item 5 (Refer clause 9.1(a))

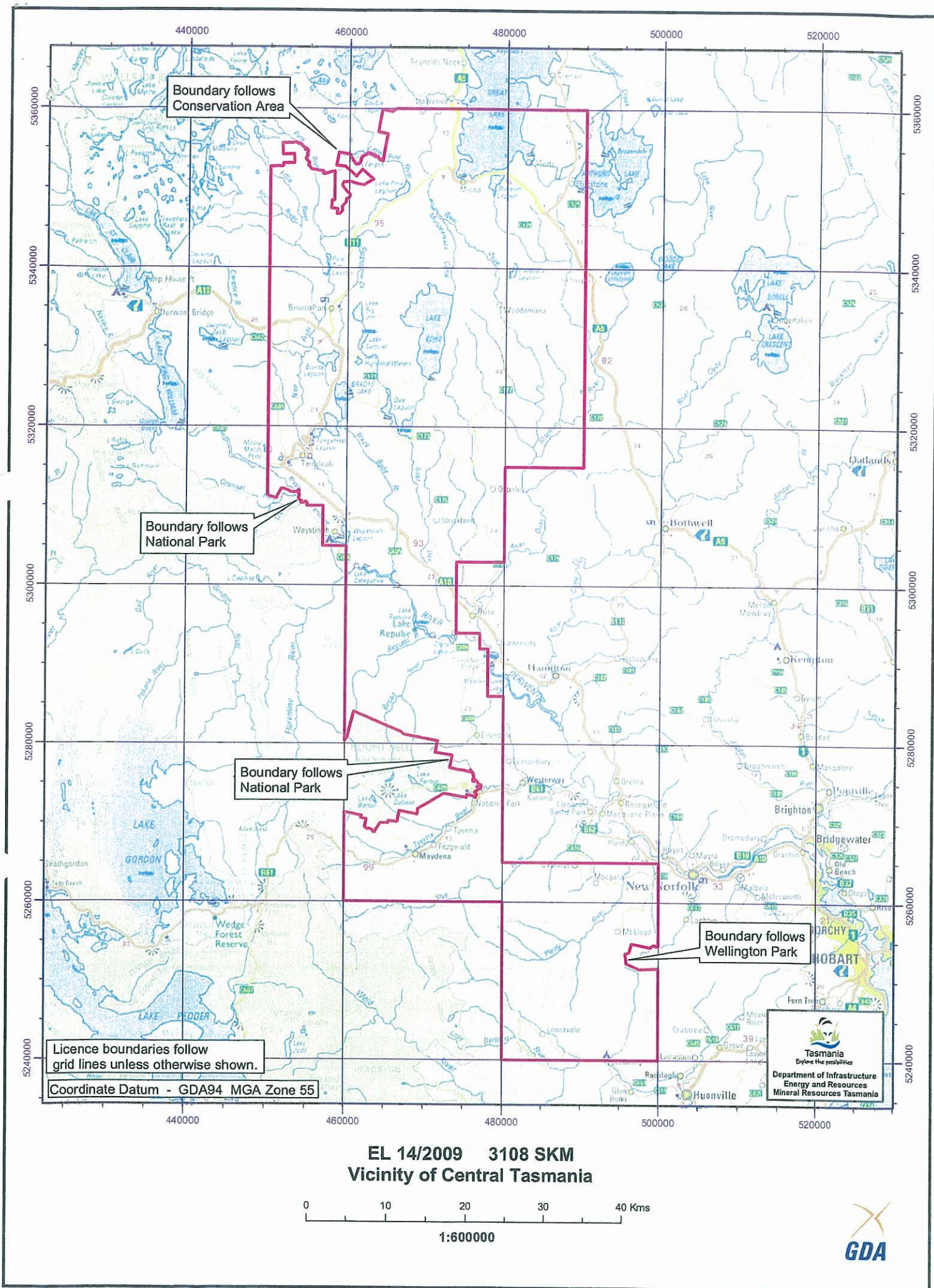
Public risk insurance cover:
\$10 Million.

Schedule 3

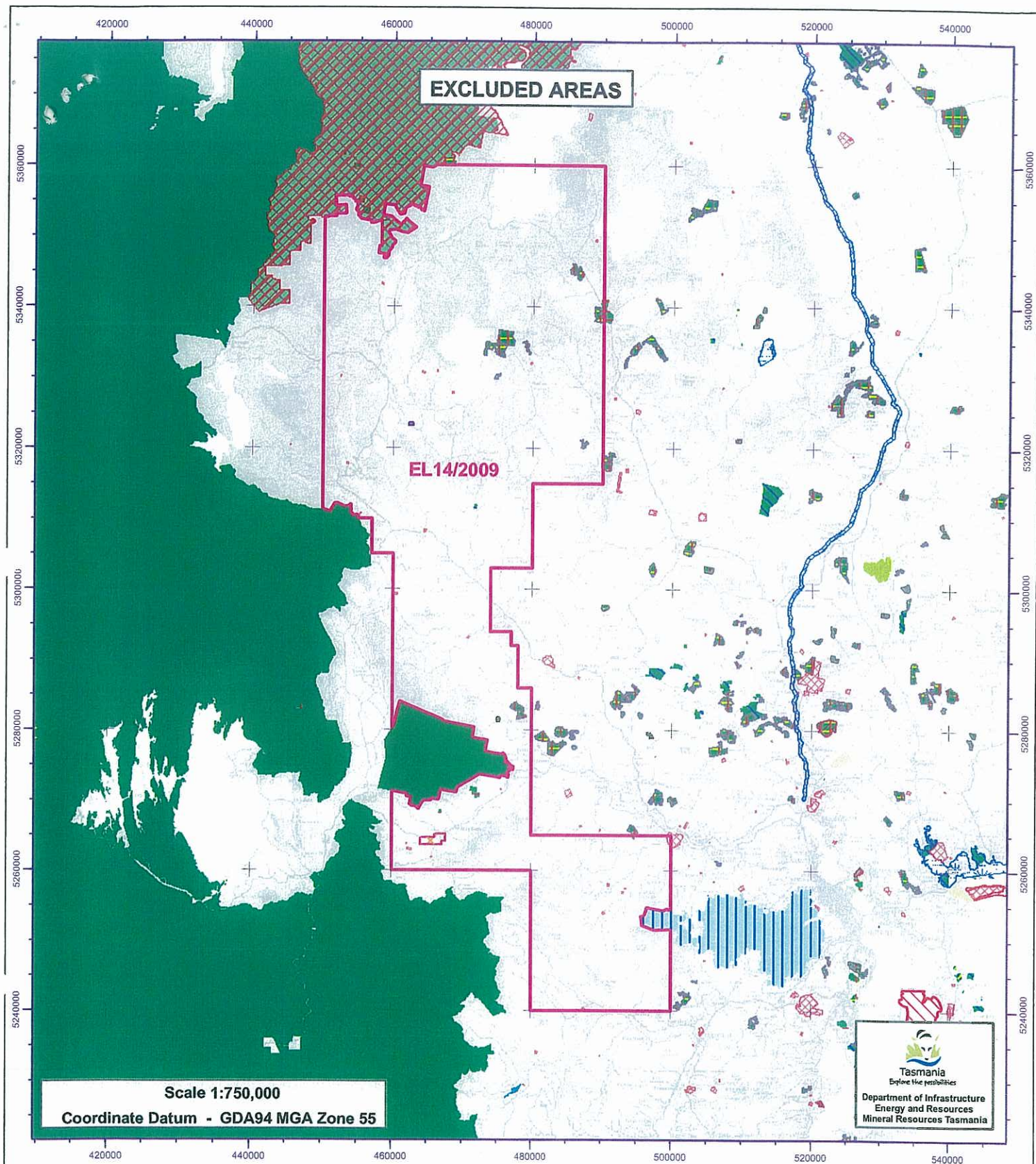
Special Provisions

This licence is subject to the Schedule for Onshore Exploration of Petroleum, Coal Seam Gas or Geothermal Substances as amended from time to time.

Map of the Licence Area



Map of the Excluded Areas



Excluded Areas

- Exempt Area
- Mining Lease
- Retention Licence
- Fossil Site
- Fossil Site
- Administratively Excluded Areas
- RAMSAR Site
- Gas Pipeline Corridor
- Wellington Park
- Indigenous Protected Areas
- Commonwealth Land
- Private Reserve - Unavailable under MRDA

- State Reserve
- Proposed State Reserve - CLAC
- Nature Reserve
- Proposed Nature Reserve - CLAC
- National Park
- Proposed National Park - CLAC
- Historic Site
- Proposed Historic Site - CLAC
- Game Reserve
- Proposed Game Reserve - CLAC
- Conservation Area - Unavailable under MRDA
- Forest Reserve - Unavailable under MRDA

**Relevant tenement land
tenure / land management
area indicated ***

Note: Land Tenure is derived from the LIST and other sources and may be incomplete.
Not all Land Tenure depicted in legend may appear on the map.

