



Great South Land
Minerals Limited

Great South Land Minerals Limited ABN 54 068 650 386

Land Owner Access & Rental Agreement





THIS AGREEMENT IS DATED the 05th July 2011;

BETWEEN **Tasmanian Land Conservancy Inc (ABN 88 743 606 934) of PO BOX 2112 Lower Sandy Bay 7005 in the State of Tasmania, Australia**

(hereinafter with their executors, administrators and assigns called **("the Lessor or the Landowner")**);

AND **Great South Land Minerals Limited ABN 54 068 650 386 of Level 3/65 Murray Street, Hobart 7000 in the State of Tasmania, Australia**

(hereinafter with its successors and assigns called **("the Company")**).

Or collectively, **the Company** and **the Lessor or the Landowner** may be referred to as **The Parties**.

Definitions:

If not stated otherwise within this Agreement, the following shall apply to the meaning of:

Related Party is taken to have the same meaning as defined within *Section 9 of the Corporations Act 2001 (Commonwealth)*.

BACKGROUND:

- A. The Company is the holder of Exploration Licence (EL) 14/2009 (**"the Licence"**), issued by the Minister for Energy and Resources under the Mineral Resources Development Act 1995 (**"the Act"**) and intends on drilling various exploration wells in the area covered by the Licence to test the underlying geological potential for the presence of hydrocarbons (**"the Works Program"**).
- B. Tasmanian Land Conservancy are the registered owners of the property known as "Serpentine & Roscarbro" address Marlborough Road, Bronte Park Tasmania, 7140 with a Property Identification number of 7333254 and a Reference number of 227512/1, and is situated on Marlborough Road, Bronte Park in the State of Tasmania (**"the Property"**).
- C. The Company wishes to lease an initial area of approximately 2.76 hectares, which may be subject to change during the term of the Agreement, with its present centre at co-ordinates 465660mE 5338904mN (AGD66 and Zone 55) (as located and shown on the Map "A" to this Agreement) or up to 200 metres of this point (**"the Site"**) but within the boundary covered by the Forest Practices Plan (FPP) of the Company. The Company is guaranteed access to the Site, and to the Property to drill test a well known "Bellevue #1" in accordance with the Works Program. The Site is located within the Property and is covered under FPP reference TAS0323-01 created 25th

August 2008 and certified 29th August 2008, noting the FPP lifetime 31st December 2011 to which GSLM may apply for extension of term. Notification of any changes to the Site boundary will be provided to the Lessor when completed and approved.

- D. The Lessor has agreed to lease the Site to the Company for the purpose of carrying out oil and gas exploration being all works incidental and/or necessary to drill and test the well and any additional wells including any further drilling, and duly abandon, suspend or complete the work in accordance with the Works Program and the Act (“**the Operations**”) for a period commencing upon drill rig mobilisation on the terms and conditions (including the rights of renewal) hereinafter set out and ending not before 17th May 2012, at which time, subject to Licence renewals, the company may extend access to the Site or the Property to continue operations. The Company will notify the Lessor of any delays or changes in the Works Program schedule and any request to extend access to the Property.

THE PARTIES AGREE as follows:

1 ACCESS TO LAND

- 1.1 The Lessor leases to the Company and the Company takes a lease of the Site for a period commencing on the date of Operations and will require access until 17th May 2012 (“**Initial Period**”). The annual rental provided is noted within Clause 3.1 hereof.
- 1.2 The Company may, subject to the Act and/or being granted a continuing Licence over the Property, request extended access to enter the land to continue the Operations or the Works Program, or any approved addendum to the Works Program, after the Initial period. The parties agree that an approved one (1) page schedule may be proposed as an acceptable form of addendum to this Agreement to grant time of extension to access the Property.
- 1.3 The Lessor grants to the Company, its employees, agents and contractors, an unrestricted right of vehicular access to the Property, via Serpentine Road and any constructed access (as denoted within attached Map(s)). Further, the parties agree that unrestricted access to the Property is permitted under the terms of the Company’s Exploration Licence 14/2009 and under the provisions of the Act.
- 1.4 The creation, upgrading and maintenance of a route for vehicular access, if necessary, shall be the responsibility and at the sole cost of the Company, and shall be to the standard stipulated in the Forest Practices Code 2000 (FPC) and approved Forest Practices Plan (FPP) where applicable. Any variation to the existing FPP shall be signed off by the land owner as required (by law).
- 1.5 The Lessor agrees to permit and allow the Company, its employees, agents and contractors to enter upon the Property (as described in Clause B) and use the Site for the purpose of carrying out oil and gas operations, being all works incidental and/or necessary to drill, test, or operate the well and any additional wells including any further drilling, and to duly abandon, suspend

or complete necessary works in accordance with its Works Program and the Act ("**the Operations**").

- 1.6 Insofar as the Act requires the written approval of the Lessor for any resource consent or other consent associated with the Program, and to the extent that the Company has not received any required consent from the Lessor, this Agreement will represent all necessary approvals under the Act.
- 1.7 For the safety and security of all personnel using the Serpentine Road access, the Company agrees that for the duration of its Operations it will maintain a presence of Security Personnel who will monitor and record all visitors to and from the drill site. The Lessor agrees, that no personnel, representative, agents, employees or associates of the Lessor will be able to access the Site without prior authorisation of the Company for Occupational, Health and Safety reasons, as the area will be recognised as a Mine Site to which certain authorisations, entry requirements, laws and regulations will apply and are required to be adhered to by the Parties, their authorised representatives, associates, employees and agents.

2 CONDITIONS OF ACCESS, ENTRY AND USE

While undertaking the Operations and the Works Program on the Site pursuant to the Exploration Licence, the Company will, unless otherwise agreed with the Lessor:

- 2.1 Provide written or confirm verbal or email notice of entry to the Site to the Lessor within 14 days, or any shorter period that has been mutually agreed to by the Parties.
- 2.2 Observe and comply with all conditions of the Act and keep the Site and its environs free of rubbish resulting from the Company's activities and when exploration work has been completed, removal of all waste materials from the Site.
- 2.3 Decommission the Site and/or Property in a manner and standard that would be suitable to be utilised as a State Emergency Services muster or Fire Fighting meeting point, acceptable to the Lessor. Reinstatement of all such areas and maintenance will be done in consultation with the Lessor.
- 2.4 Except in the event of an emergency, the Company will have exclusive access to the Site whilst operations are being conducted.
- 2.5 At the conclusion of the Operations, the Company will remove all drilling, testing or other equipment and material/apparatus brought by Company or its authorised agents and contractors, and installed or used on the Site.
- 2.6 All excavations will be filled in or removed as agreed between the Lessor and the Company after the Operations have been completed and will be performed as required by the Act, FPP or rehabilitation directions issued by Mineral Resources Tasmania. Any timber cleared by the Company will be removed from the Property in accordance with the FPP authority. The Company will pay the cost of floating machinery to and from the site for the purpose of salvaging timber fallen through necessity during road and Site construction.

- 2.7 The Company will request from the Lessor, written notification that the site has been maintained to an acceptable standard to the Lessor upon conclusion of the Operations.
- 2.7 Upon completion of its Operations, the Company will as soon as conveniently possible effect restoration of the surface of the Serpentine access road in accordance with the FPP and relevant Codes of Practice.
- 2.8 Within a period not exceeding six (6) months following the end of the Initial term, reinstate in a good and tradesmanlike manner, with materials of good quality, any damage done to existing buildings, concrete areas of any kind, water systems, silting fences, tiles or subsoil drains caused resulting from use of the access road. Restoration of such areas and maintenance shall be done in consultation with the Lessor and in accordance with the FPP and FPC (unless otherwise agreed to in writing).
- 2.9 At all times during the course of carrying out its Operations, the Company, in accordance with this Agreement will avoid doing any unnecessary damage to the balance of the Lessor's land and will avoid causing any unnecessary interference with the Lessor's use and enjoyment of that land.
- 2.10 Purchase water from the Lessor (if available) at a cost of \$2,000 per annum from the adjacent quarry site for the duration of the Company operations. The Parties agree that the purchase of the water may be offset against the \$60,000 provisional budget for additional services itemised in 3.1.2 to be procured by the Company from the Lessor during the term. The Lessor will be required to invoice the company for use of the water from the first instance the Company notifies the Lessor water is procured for the purpose of the Operations.
- 2.11 Mud pit water resulting from the Operations will be contained and removed from the site or disposed in accordance with the Company's Environmental Management Plan and any applicable Act, Regulations or Permit requirements.
- 2.12 Provide Maps of the area of the Property, Site and general point of Operations. Annexure attached hereto.
- 2.13 Acknowledge any stock or crop that may inhabit the Site, and agrees to notify the Lessor of any operations that may disturb same in accordance with the Company's FPP directives.
- 2.14 The Company will construct or maintain any access road needed in accordance with the FPP (as per attached map where applicable).
- 2.15 The Company guarantees the structural integrity of all access roads. The existing roads, including any abutments, shall be assessed before and after the Operations, by an independent Engineer or qualified person and a condition report prepared. Any damage arising from use associated with the Operations will be paid for or restored by the Company in accordance with the provisions of the FPP or FPC by the Company.
- 2.16 No firearms to be carried on or used by the Company or its agents, employees or contractors on the Property. No firearms are to be carried or

used by the Lessor or its agents, employees or contractors on the Property during the term.

3 COSTS

3.1 The Company shall pay Fees to the Lessor for access to the Site which will be as follows:

3.1.1 A fixed rate of \$60,000 payable (which will apply to further renewal terms, CPI indexed in any following year) as an Annual Rental Fee to access the Site, or any proposed expansion to the Site during the term; which will be split as follows:

3.1.1.1 \$30,000 payable when notification of drilling equipment is mobilised to site;

3.1.1.2 \$30,000 payable after the 1st - 6 month anniversary of payment of 3.1.1.1.

3.1.2 Additional fees may be payable by the Company to the Lessor up to the value of AUD\$60,000 (GST inclusive) in the form of consultancy/service fees, to which the Company agrees to procure the services (as and when required) of Environmental Consultancy from the Lessor and its employees. The services shall be commissioned ad-hoc and in accordance with the requirements of the Company to obtain necessary permits to undertake exploration and/or drilling activities. The Consultancy Service Fees to be charged by the Lessor to the Company (as commissioned by agreement) and shall be charged at a rate of \$160 per hour (exclusive of GST).

3.1.3 An annual water access fee of \$2,000 may be charged by the Lessor to the Company and invoiced to the Company which will represent a service fee for access to water for the Operations. This fee will be offset against the value of additional fees which may be payable by the Company described 3.1.2.

3.1.4 The fees to be accrued in 3.1.1, 3.1.2 & 3.1.3 shall be payable in accordance with the specific provisions of this Agreement and upon provision of the Services (as applicable to each event) and shall include 30 day terms upon issuance of a tax invoice by the Lessor to the Company;

3.1.5 The Lessor and the Company agree by entering into the provisions of this agreement, a waiver and discharge of full responsibility, obligation and liability for the Company to provide for any additional environmental and / or any remediation bonds to the Lessor and perform or assume liability for any additional rehabilitation in respect of the Site or access to the Site or the Property, other than what is required for GSLM to obtain operational permits associated with EL14/2009 or the Act, or as directed by Mineral Resources Tasmania as referred to in clause 3.7.

3.1.6 Conditional upon the execution of the Schedule of extension of term representing not less than 30 days prior to the end of term of this

Agreement, the Parties agree that a 'renewal access fee' or 'rental fee' of \$15,000 (applied pro-rata over the first 3 months of the renewal term) is payable at the end of 1st term in order that the Company may maintain continued uninterrupted, access to the Site and or Property. The renewal access fee will be paid and applied pro-rata against the Annual rental fee totalling \$60,000 (CPI Indexed) in any 12 (twelve) month period under the Schedule of extension of term. The Lessor is required to invoice the Company for the balance of the Annual Rental (CP Indexed) 30 days prior to the expiry of the pro-rata 3 month period.

- 3.2 The Company may apply to the Lessor to negotiate a new agreement or exercise its right under clause 7 to offer to purchase the Property from the Landowner anytime before or during the Operations for fair market value.
- 3.3 First payment to the Lessor of the Annual Rental shall be paid prior to the commencement of drilling mobilisation. During this time, the Lessor agrees to permit access to the site to the Company to undertake the Operations.
- 3.4 The Lessor will grant the Company access to the Property and the Site to undertake preliminary site assessments, works and other activities necessary in obtaining Permits to commence Operations.
- 3.5 The Company will indemnify the Lessor against all reasonable losses sustained by the Lessor due to the Operations of the Company on the land other than loss of use of the Property and Site during the term of the lease and during any renewal. Such indemnity shall not apply to the extent that the liability arises from the wilful or reckless actions of employees or contractors of the party seeking to be indemnified and shall be in accordance with Public Liability Insurance provisions.
- 3.6 The reasonable legal costs in reaching and entering into this Agreement up to the value of AUD\$1,500 and obtaining such consents as necessary and incidental thereto, are to be borne by the Company.
- 3.7 The Company shall only be required to provide an Environmental Bond in accordance with the Mineral Resources Development Act 1995 (The Act) and no further bonds are required to be implemented in respect of this Agreement. The environmental bond may be used by the Company to perform remedial work as required by the Act, FPP and/or relevant Codes.
- 3.8 All costs, fees and bonds contained in this Agreement are expressed as GST Exclusive amounts, unless otherwise stated.

4 TERM OF AGREEMENT

- 4.1 This Agreement shall be effective from date of signing and will be current until 17th May 2012 (**End of Term**) unless otherwise agreed upon by both Parties.
- 4.2 The Lessor hereby covenants and agrees not to lodge any objection under the Act to any hydrocarbon prospecting exploration or drilling application or

consent application for prospecting or development activities that may hereafter be made by the Company in respect of the Site.

5. DISPUTE RESOLUTION

- 5.1 If any dispute, doubt or questions arise between the Parties hereto concerning this Agreement then any such dispute, doubt or question shall be referred to a single independent arbitrator if the Parties agree on one, otherwise by two arbitrators with the provisions of the *Alternative Dispute Resolution Act 2001(Tas)*.
- 5.2 It is expressly agreed that any dispute shall not be sufficient grounds to suspend drilling or testing operations being performed diligently and in accordance with the best safe drilling practices recognised by the international petroleum industry.

6. ASSIGNMENT

- 6.1 This Agreement shall bind the Parties and their assigns to the intent that the rights and obligations hereby created shall bind and be enforceable by the Lessor for the time being of the Property and the holder for the time being of any petroleum exploration or mining permit granted to the Company over the land.
- 6.2 Subject to Clause 7, the Lessor shall not sell or otherwise dispose of or part with rights to the possession of the Property during the term of this Agreement except upon condition that the purchaser or other party to that transaction agrees in writing to be bound by this Agreement.
- 6.3 The rights of the Company hereunder shall not be assigned to any person or corporation except upon the condition that the Lessor, Company and assignee agrees in writing to be bound by this Agreement.

7. FIRST RIGHT OF REFUSAL TO COVENANT TO PURCHASE LAND

- 7.1 In the event that the Landowner shall receive a bona fide offer for the purchase of the property at any time after the date of this agreement (and before the expiration date), and the offer of purchase shall be acceptable to the Landowner, the Landowner will not sell the Property or any portion thereof without first offering the Property to the Company or a Related Party entity of the Company.
- 7.2 The Company or the Related Party entity of the Company may, on or before Expiry of the Term, make an unsolicited offer to purchase the Property or parts of the Property from the Landowner, to which the Landowner is to consider.
- 7.3 The Landowner is required to obtain consents from the Mortgagor or any interested Parties who may caveat or create a legal and financial interest in the Property, in relation to communications, discussions or proposals to purchase the Property, as it relates to clause 7.1 or 7.2 and is required to provide such consents or notices by law.

- 7.4 The Covenants and Agreements contained herein shall be binding upon and inure to the benefit of the successors or assigns of the respective Parties. No Parties may assign this Agreement without written consent from the other party.

8. GOVERNING LAW

This Agreement shall be governed and construed by the laws of the State of Tasmania in Australia. The Agreement shall not be construed with any presumption against the company.

9. HEADINGS

The headings in this Agreement have been inserted for guidance only and will not form as part of the provisions of this Agreement and will not be used for the purpose of construction.

10. INSURANCE & INDEMNITY

The Company will be responsible for:

- (a) Maintaining sufficient Insurance to ensure that any equipment belonging to the Company is insured against all risks relating to the equipment while situated on the property;
- (b) Maintaining Public Risk Insurance for a minimum of ten million dollars (\$10,000,000) covering any liability arising from the occupation and use of the Property by the Company and any persons acting with its authority or permission.

Further, the Company agrees to:

- (c) Indemnify the Landowner and the Landowner's officers, employees and agents from and against any and all third party Claims made against the Landowner and/or the Landowner's officers, employees and agents for any Damages incurred in connection with:
 - i. any breach of any representation or warranty, or the inaccuracy of any representation, made by the Company in or pursuant to this Agreement;
 - ii. any breach of any covenant or agreement made by the Company in or pursuant to this Agreement;
 - iii. any grossly negligent act or omission, or unlawful act or omission with an intention to cause harm, of the Company or

any of its officers, directors, agents, contractors or employees, in connection with this Lease or of the Company's obligations under this Agreement; or

- iv. the death of or injury to any person or loss of or damage to the property of any person (including the Landowner) arising from or out of the Company's use of the Land or any part of it by the Company or by any employee, agent, contractor, visitor or customer of the Company or other person having business with the Company or in connection with the Operations or the Works Program on the Property.

Further, the Landowner (Lessor) agrees to;

- (a) Maintain Public Risk Insurance for a minimum of ten million dollars (\$10,000,000) covering any liability arising from the occupation and use of the Property by the Company and any persons acting with its authority or permission.
- (b) Indemnify the Company and the Company's officers, employees and agents from and against any and all third party Claims made against the Company and/or the Company's officers, employees and agents for any Damages incurred in connection with:
 - i. any breach of any representation or warranty, or the inaccuracy of any representation, made by the Landowner in or pursuant to this Agreement;
 - ii. any breach of any covenant or agreement made by the Landowner in or pursuant to this Agreement;
 - iii. any grossly negligent act or omission, or unlawful act or omission with an intention to cause harm, of the Landowner or any of its officers, directors, agents, contractors or employees, in connection with this Lease or of the Landowner's obligations under this Agreement; or
 - iv. the death of or injury to any person or loss of or damage to the property of any person (including the Company) arising from or out of the Landowner's use of the Land or any part of it by the Landowner or by any employee, agent, contractor, visitor or customer of the Landowner or other person having business with the Landowner.

11. ENTIRE AGREEMENT

- 11.1 This Agreement sets out the entire Agreement between the Parties. It supersedes any previous Agreement between the Parties in relation to the subject matter of this Agreement. No other term expressed, or implied, and no usage or course of dealing forms part of or affects this Agreement.

11.2 Each party agrees and acknowledges that entering into this Agreement it does not rely on any representation not expressly set out in this Agreement of any nature made to it by any person (whether a Party or not). Each party irrevocable waives all claims, rights, and remedies in relation to any such representations made to it before entering this Agreement.

11.3 This Clause does not exclude or restrict any liability or remedy for fraudulent or misrepresentation or fraudulent concealment.

EXECUTED as an Agreement:

GREAT SOUTH LAND MINERALS LIMITED)
ABN 54 068 650 386)
in accordance with section 127 of the
Corporations Act (2001) (Cth):

Director

Director/Company Secretary

In the presence of:

In the presence of:

Witness

Name:
Address:
Occupation:

Witness

Name:
Address:
Occupation:

Signed for and on behalf of)
TASMANIAN LAND CONSERVANCY LIMITED)
ABN 88 743 606 934)

Director/Authorised Person(s)

Director/Authorised Person(s)

In the presence of:

In the presence of:

Witness

Name:
Address:
Occupation:

Witness

Name:
Address:
Occupation: