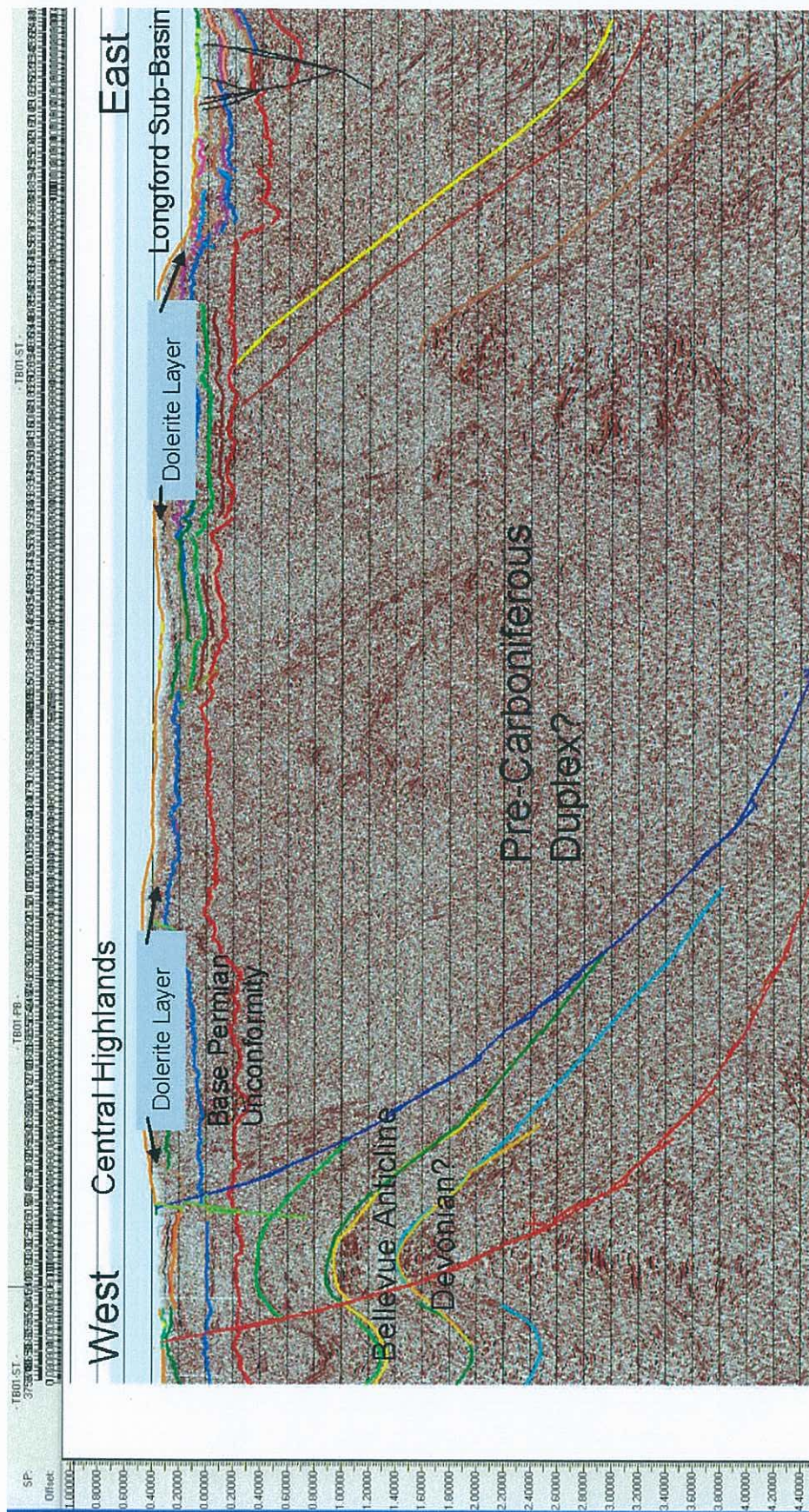


**Submission in response  
to intended revocation of  
Exploration Licence 14/2009**

**2011**



**Hobart, Australia  
July 2011**



Seismic Cross Section – Central Highlands and Longford Sub-Basin

## **PREFACE**

This submission has been prepared in response to the letter received by Great South Land Minerals Ltd from the Minister for Energy and Resources dated 13 July 2011 regarding his intention to revoke Exploration Licence (EL) 14/2009. This submission presents reasons and arguments (with evidence) requesting the Minister reconsiders his proposed decision to revoke EL14/2009.

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## HISTORICAL SUMMARY

Empire Energy Corporation International (Empire), through its wholly owned subsidiary Great South Land Minerals Limited (GSLM), has completed significant exploration work including the discovery of at least fifteen previously unknown, and very significant, potential petroleum structures within former Special Exploration Licence (SEL) 13/98 over the past 10 years, proving the existence of three petroleum systems within the Tasmania Basin.

Empire and GSLM have expended in excess of AU\$50 million of capital investment in Tasmania, meeting all the licence conditions set by Mineral Resources Tasmania (MRT) for SEL13/98. GSLM has obtained an independent valuation to meet the 'financial capacity' section in the original application criteria for Exploration Licence (EL) 14/2009. This was at the request of the Deputy Secretary for Department of Infrastructure Energy and Resources on 17 July 2009 that stated *'...to ensure that your financial capacity is clearly presented in relation to the new applications I would suggest that you [GSLM] provide supporting independent analysis of your financial capacity for these applications from, for instance, a respected Australian accounting firm'*. This valuation was completed from an independent Australian respected accounting firm for the oil and gas resources identified by the exploration, and evaluation work performed over the past ten years and collated by RPS Energy Ltd (RPS).

RPS, one of the world's leading independent experts on oil and gas resource/reserve evaluations, prepared a Competent Persons Report indicating that the undiscovered prospective oil and gas resource contained within the structures identified by GSLM's geophysical and seismic work was 668 million barrels. After extensive due diligence WHK Denison (WHK), a major Australian accounting firm, gave Empire an undiscovered prospective resources valuation of US\$3.3 billion based on US\$5 per barrel. This confirms GSLM's findings and belief developed over these past ten years through diligent work and significant AU\$50 million investment meeting licence conditions. This represents an asset backing per share today of US\$10 for GSLM's parent Company, Empire (a NASDAQ United States publically listed company), the listing of which was conducted as part of the licence condition for SEL13/1998.

GSLM and Empire intend to prove the validity of the RPS report and WHK valuations regarding the existence of commercial quantities of onshore oil and gas in Tasmania. RPS's undiscovered prospective resource of 668 million barrels, calculated by using "probabilistic" methods, which if verified and produced at today's price of US\$109 per barrel, could represent potential revenue of US\$72 billion contained within the structures discovered by GSLM's 1,149km of seismic work additional to gravity, magnetic and stratigraphic wells.

GSLM and its predecessor companies were established as a result of a vision that founder and current CEO, Malcolm Bendall, received from God in 1977. In this vision, Mr Bendall saw large structures on onshore Tasmania filled with oil and gas. It has now been 34 years

since this vision and this report details the exploration and expenditure carried out by GSLM and its predecessor companies for onshore oil and gas in Tasmania. Over 34 years of exploration research and an investment of over AU\$57 million (and meeting all of the Governments licence conditions) has found that oil and gas does exist in the Tasmania Basin.

On 30 September 2009, GSLM submitted an Exploration Licence (EL) application for a 5 year term over (12) independently prospective structures which was in accordance with the Ministers directions. The original SEL13/98 covered over 30,356 km<sup>2</sup> which was reduced to 15,035 km<sup>2</sup> after the first 5 years. GSLM's application on 30 September 2009 was for 7,513 km<sup>2</sup> and was more than 50% reduction in the second 5 year SEL13/98 term area.

However, on the 17 May 2010, the Minister for Energy and Resources granted Exploration Licence (EL) 14/2009 over only 3,108km<sup>2</sup> for an initial two-year term. This area covered only two of GSLM's twelve prospective structures. On the 30 July 2010, an application for 'Variation of Area' was submitted to the Minister for Energy and Resources. On 24 December 2010, GSLM received a decision by the Minister not to vary EL14/2009 to cover the remaining 10 prospective structures, independently, valued at approximately US\$1.1 billion at \$5 per barrel (or potentially \$22 billion at today's prices). GSLM has appealed the Minister's decision which is before the Mining Tribunal of Tasmania.

As at 1 June 2011, GSLM has received notification from the Director of Mines (DOM) that GSLM's recent (new) application over the US\$1.1 billion of assets, applied for part of the Exploration Release Area (ERA) 791 process in March 2011, was unsuccessful. GSLM has been notified that Terra Tasmania Resources Pty Ltd has been given priority for the application EL30/2011. GSLM notes that the successful applicants are represented by two (2) persons who have acted in an advocacy and services role on behalf of GSLM and Empire Energy and therefore have a conflict of interest.

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## **1. INTRODUCTION**

This submission has been prepared in response to the letter received by Great South Land Minerals Ltd from the Minister for Energy and Resources dated 13 July 2011 regarding his intention to revoke Exploration Licence (EL) 14/2009. The following sections present reasons and arguments (with evidence) requesting the Minister reconsiders his proposed decision to revoke EL14/2009.

## **2. MALICIOUS, INPROPER AND INAPPROPRIATE CANCELLATION OF EXISTING DRILLING APPROVALS BY MRT WHILE GSLM'S DRILL RIG WAS STILL IN TASMANIA**

Prior to the changeover from SEL13/98 to EL14/2009, Great South Land Minerals Ltd (GSLM) had approvals in place for the drilling of the Bellevue and Thunderbolt structures, and a drill rig was located on the Bellevue #1 site.

On 17 May 2010, GSLM formally signed EL14/2009. However, on the 27 May 2010, the cover letter (Appendix 1) attached to the licence advised GSLM that with the issuing of EL14/2009 new applications for the relevant drilling permits were required to be submitted to Mineral Resources Tasmania (MRT), before any wells could be drilled. GSLM was not formally aware of the cancellation of the SEL13/1998 drilling permits at the time of signing EL14/2009 on 17 May 2010.

GSLM was unable to immediately re-apply for the relevant approvals because of several issues, which are discussed in detail in Sections 6 and 7.

Since approval to drill is an essential requirement under EL 14/2009, the cancellation of the permits by MRT resulted in GSLM being unable to drill any wells within the timeframe that the drill rig was contracted for.

Furthermore, GSLM note that MRT's cancellation of previous permits from the former SEL13/98 has resulted in the site remaining in an uncompleted state with mud pits in place, piping etc. and GSLM unable to access the site to undertake appropriate stabilisation works.

GSLM requests that future permits at end of term licences be carried across for the sense of logical, environmental and commercial reasons. Furthermore, for the benefit of the Tasmanian Government, GSLM and landowners, GSLM recommends that permits be continuously active at all times until the sites have either been decommissioned, rehabilitated or had mining/retention leases granted with suitably approved Development and Environmental Management Plans in place.

### **3. YOUR INTENDED DECISION DOES NOT INCLUDE THE FINAL QUARTERLY REPORT OF YEAR 1 DUE ON 31 JULY 2011**

GSLM received a letter from MRT requesting that GSLM submit the 'Year 1' Annual Report and completed annual return form by 16 April 2011, which includes only eleven months of expenditure reporting for EL14/2009 (Appendix 2).

The Mineral Resources Development Act 1995 (MRDA 1995), Section 28 (1) states:

*A licensee is to submit to the Director an annual report (a) at least one month before the anniversary of the date on which the licence was granted; or (b) on any date the Minister determines.*

Therefore, according to the above MRT request, GSLM have submitted the first Annual Report for EL 14/2009 on 06 May 2011 (Appendix 3). This Annual Report does not include GSLM's Final Quarterly Report, which will be due on 31 July 2011. This quarterly report has been submitted to MRT on 25 July 2011 and is also included as Appendix 4 to this submission.

In regards to the amount GSLM has expended during first year over EL14/2009, the June Quarterly Report (Appendix 4) shows an expenditure of approximately \$4.2 million which is more than the minimum MRT requirement of \$3,025,000 to the end of 16 May 2011. Therefore, GSLM have met the expenditure requirements of the MRT conditions.

The Minister should note that intention to revoke EL14/2009 relies on information provided up to 31 March 2011. This is only 11 months of the licence term and therefore the information provided to the Minister is incomplete.

GSLM requests that the Minister considers all the information regarding 'Year 1' of EL14/2009 expenditure and exploration.

### **4. GSLM HAS EXCEEDED 'YEAR 1' EXPENDITURE COMMITMENTS ON EL14/2009 BY 40%**

GSLM and parent Company, Empire, have already invested over \$50 million between 1999 to 2009 under SEL 13/98 and meeting all licence conditions and defining twelve oil and gas bearing structures (Appendix 5).

Additionally, under EL14/2009, GSLM made a commitment to spend \$3,025,000 over Year 1 of its licence. As previously mentioned, over \$4.2 million has been spent during Year 1 for EL14/2009, an increase of more than 40% of the required commitment for the 1<sup>st</sup> year (Appendix 1- Schedule 2 – Item 2 of the Licence Conditions).

GSLM requests that the Minister takes into consideration the extra expenditure made by GSLM within Tasmania, which is particularly significant considering the current economic state of Tasmania and the continuing overshadowing unresolved economic crises globally.

## **5. THE DIRECTOR OF MINES HAS MADE A MISLEADING COMMITMENT**

On 17 May 2010, the Tasmanian Minister for Energy and Resources countersigned the documents to grant GSLM Exploration Licence 14/2009, covering 3,108km<sup>2</sup> of the onshore Tasmania Basin. This included the two main structures at Bellevue and Thunderbolt identified by GSLM while operating under SEL13/98. EL14/2009 requires an expenditure of \$7.55 million and drilling of at least two wells over these two structures during an initial licence term of two years. The Government has advised GSLM that a further term can be granted if the conditions of the licence are met within the first 2 year tenure.

A condition within EL14/2009 states that GSLM had to complete the drilling of Bellevue #1 during 'Year 1' of the Licence and Thunderbolt #1 during Year 2 of the Licence term (Appendix 1- Schedule 2 – Item 2 of the Licence Conditions).

However, on the 3 September 2010, during a meeting between GSLM representatives and the Minister for Energy and Resources (which included other government representatives) it was confirmed and clearly stated by the Director of Mines (DOM) that the drilling of Bellevue #1 and Thunderbolt #1 could be completed anytime during the first 2 years of its term. Attached Statutory Declarations are provided in Appendix 6 which confirm the DOM (in the presence of the Minister) stated that GSLM is required to drill two wells over a period of 2 years and not 1 well each year. A record of this meeting has also been detailed in the 2011 Annual Report, a copy of which was received by the Minister's office on the 6 May 2011 (Appendix 3).

Therefore, GSLM asserts that the DOM has made misleading statement and commitment, which GSLM believed in good faith as being true and correct. Therefore, GSLM requests that the Minister review the above information and reconsider the intention to revoke EL14/2009.

## **6. NO FEEDBACK FROM MRT REGARDING EAGLE NEST SITE INFORMATION PROVIDED**

During 2010-11, GSLM have been reviewing and updating its environmental studies/permit to enable the resumption of its drilling programs over Bellevue #1 and Thunderbolt #1 sites and to complete the goal of commercialising oil and gas within the Tasmania Basin.

A new wedge-tail eagle nesting site map was required to be submitted to MRT for consideration before any approval to drill could be granted. This was prepared by the Tasmanian Land Conservancy (TLC) on 28 March 2011 (Appendix 7), and subsequently provided to MRT for comment on 13 April 2011 (Appendix 8). No comments were received by GSLM by 19 April 2011, and therefore follow-up correspondence was forwarded to MRT on 19 April 2011 (Appendix 9). A response was received from MRT on the 19 April 2011 (Appendix 10) stating that the query had been passed onto MRT representatives. On 20 April, GSLM forwarded correspondence (Appendix 11) to MRT clarifying that the Eagle maps provided form part of the Bellevue #1 application for drilling approval.

Updating the Eagle nest survey is an important part of GSLM requirements and GSLM has treated this matter seriously. By the date of this submission, no response has been given by MRT regarding advice on the Eagle documents that form part of the approval application for undertaking the drilling at the Bellevue #1 site. The lack of response from MRT has contributed to the continued delays to GSLM's exploration program.

## **7. CHANGE OF LANDOWNER DURING 'YEAR 1' TERM**

Prior to the changeover from SEL13/98 to EL14/2009, GSLM had approvals in place for drilling at Bellevue and Thunderbolt sites. However, it was made mandatory, by MRT (refer to Appendix 1), under the issuance of EL14/2009 that a new application for approval to drill must be submitted to MRT, before any wells could be drilled. Land Owner approval to access the site is one of the approval requirements of GSLM to enable the resumption of drilling over the Bellevue #1 and Thunderbolt #1 sites.

It was made clear to GSLM during mid-2010 that the property owned by Gunns Ltd covering the Bellevue #1 site was for sale. Contact was made with the new landowner during early 2011 and preceding the anticipation of the prospective new landowner, a visit to the Bellevue #1 site was conducted on the 18 March 2011 as part of the first steps in negotiation for Land Owner access approval. A subsequent title search showed that the property title was sold by Gunns Ltd to The Tasmanian Land Conservancy (TLC) dated 21 March 2011 (Appendix 12). GSLM formally issued a 'Notice to Enter Private Land' to the TLC on the 22 March 2011 (Appendix 13). A copy of this notice was forwarded to the Director of Mines and the Minister on 22 March 2011 (Appendix 14).

GSLM have been involved in a series of discussions and negotiations since early 2011 with TLC (the new Landowner). TLC is currently reviewing the most recent draft dated 5 July 2011 of a Landowner Access and Rental Agreement (Appendix 15). On 5 July 2011, GSLM and TLC representatives met to discuss Bellevue access for Exploration. A full summary of the meeting is included as Appendix 16. GSLM has noted several points (below) regarding progress to gaining access to the Bellevue site based on the 5 July 2011 meeting.

**I. Potential major sponsor for Protected Area Establishment - Bellevue**

- TLC, since GSLM's previous meeting (6 April 2011), has entered into discussions and due diligence with a potential corporate sponsor/support (an international mining company from USA) to assist the TLC with funding (via donations) to enable them to meet their mortgage commitments over approximately 9,000 ha of land under management by the TLC including the Serpentine property (Bellevue site).
- The sponsor, through their due diligence have noted the GSLM exploration licence. The sponsor has not provided any direction to TLC on the issue but TLC anticipates that the sponsor will want close involvement in any land owner input to mining or mineral exploration decision making to minimize any potential adverse publicity consequences.
- TLC and GSLM will continue to negotiate a land owner access and rental agreement acceptable to both parties in the knowledge that the potential sponsor may wish to have input before it is finalised.
- TLC will provide an update to GSLM in early August with a clearer indication of timing for the possible sponsorship.

**II. Land Owner Access Agreement - Bellevue**

- GSLM provided an updated version (5 July) of the Land Access and Rental Agreement from the original (Gunns Ltd) version issued to TLC on 6 April.
- TLC confirmed that until discussions and Due Diligence is concluded with the Sponsor, the TLC are prepared to continue to work through the Land Owner Access and Rental Agreement drafts.
- GSLM suggested to TLC that a 'subject to' provisional agreement of entry to perform site works until final terms are established and Due Diligence was concluded with the potential sponsor.
- GSLM referred to the Application for Variation to Certified Forest Practices Plan sent to TCL on 20 April 2011. It was noted by TLC that this would be taken into consideration together with the Land Owner Access and Rental Agreement.
- TLC will review the draft Land Owner Access and Rental Agreement and provide comment to GSLM by 30 July 2011.
- TLC agrees to write GSLM a letter to confirm TLC's position for the Director of Mines/Minister; and that GSLM may experience delays in finalising the Land Access and Rental Agreement and mobilisation of any drilling equipment to resume operations at Bellevue, until the negotiations are completed with the Sponsor (and this should be clearer by August 2011).

It is anticipated that an update by TLC will be made to GSLM in early August and will coincide with TLC's wishes to conclude discussions and due diligence with an interested sponsor for the land at Serpentine.

### **III. Update of Forest Practices Plan – Bellevue**

GSLM has also commenced updating the Forest Practices Plan (FPP) over the Bellevue #1 site and is currently varying the FPP to:

- Change the Landowner from Gunns Ltd to 'The Tasmanian Land Conservancy' due to the land where exploration is being undertaken has been sold;
- To extend the operation area contained within the FPP by approximately 50m from the original operation area; and
- To extend the FPP expiry date from 31 December 2011 to 31 December 2013.

The current Bellevue #1 site is proposed to be extended by a further 50 metres to allow enough clearing for the drilling program to carry out activities in a safer manner, as previous operations were cramped causing some possible and unnecessary safety hazards working in a small area. A copy of the application to vary the FPP was forwarded to TLC on 20 April 2011 (Appendix 17). This has to be signed by the landowner before GSLM's Forest Practices Officer (representative) submits the signed variation documents to the Forest Practices Authority for amendment.

As at the date of this submission, GSLM is still waiting for the return FPP consents from the Landowner. During the meeting of the 5 July 2011 between GSLM and TLC, GSLM referred to the Application for Variation to Certified Forest Practices Plan sent to TCL on 20 April 2011 (Appendix 17). It was noted by TLC that this would be taken into consideration together with the Land Owner Access and Rental Agreement by 30 July 2011.

At the time of signing EL14/2009 on 17 May 2010, GSLM was not aware of the proposed sale of the property covering the Bellevue drill site. This officially changed hands to a new owner on 21 March 2011 (Appendix 12). These changes to the ownership of the Bellevue site, and the subsequent requirements to negotiate new landowner access agreements and a revised FPP have had a significant impact on the ability of GSLM to undertake the intended exploration program, and resulted in extensive delays. As of the date of this submission, negotiations are still ongoing regarding GSLM's access to the Bellevue #1 site.

### **8. EXPLORATION UNDERTAKEN DURING YEAR 1 AT BELLEVUE**

Whilst GSLM has not been able to undertake drilling operations at Bellevue, a significant amount of work has been undertaken during Year 1. The following reports and correspondence were completed during the 2010-2011 reporting year under EL14/2009 and include 11 months of reporting and expenditure (Appendix 3):

### **Summary of exploration work completed for Year 1**

- Due Diligence Report (March 2010)
- Preparation of Conditional Drilling Contract
- Tasmania Basin integrated seismic section East-West
- Tasmania Basin integrated seismic section North-South
- Application for Exploration Licence 14/2009 (2009)
- Letters of Appeal – GSLM & Empire Energy
- 2008 Accounts completed
- Empire (US) Accounts Audit (2009)
- WHK Denison Report – Financial Capacity
- Sure Asset Management Agreement (30 June 2010)
- Economic Evaluation of Bellevue & Thunderbolt (Dec 2009)
- Notification of Claim to MRT (11 June 2010)
- Submission of EL Variation of Area Application (July 2010)
- Claim in relation to ERA 791 – MRD Act 1995 Section 128(n)
- Meeting with Minister (3 September 2010)
- Comparison of Stratigraphic Characteristic (Lithology & Thickness) of Eldon Range Group / Tiger Groups in Tasmania with the Equivalent Sediments of Munda Group (Officer Basin) In Central Australia Basins
- Financial Report for the year ended 31 December 2009 (Draft)
- Exploration Licence Applications/Variation over Central Tasmania
- Due Diligence Report (January 2011)
- Due Diligence Addendum (January 2011)
- Empire Energy Executive Summary and Investor Preparation
- Empire Energy Investor Presentation
- Financial Projections
- Summary of Top 20 Accomplishments by GSLM
- Exploration Licence Applications within ERA 791
- Preparation of Permit
- Review of work completed in SEL13/98 (including appendices)
- Securing of seismic trucks for further exploration

## 9. DRILLING PROGRESS ON BELLEVUE #1 SITE

GSLM notes in your letter dated 13 July 2011 that the reason for proposed action is as follows:

*'...the agreed exploration program, for the first year of the licence, consisting of the drilling of the Bellevue 1 well to a depth of 2,800m has not been undertaken by the end of the first year of the licence, being 16 May 2011.'*

GSLM's parent Company, Empire, has also stated it is can acquiring a state-of-the-art 15,000 foot hydraulic drilling rig straight off the production line for the purposes of drilling in Tasmania. When the rig is ready for shipping it will take approximately six weeks to get to Tasmania. In addition, discussions with Hunt Energy during late 2010, confirmed the availability to mobilise the Hunt Rig #3 back into Tasmania to complete Bellevue #1 and Thunderbolt #1.

In preparation for the resumption of drilling GSLM representatives met with a local drilling contractor for the purposes of cleaning out the Bellevue #1 well. This is able to commence once approvals have been signed off by MRT and a new Land Owner Agreement is in place.

GSLM commenced drilling two holes during December 2008 and has already undertaken over 601 drilling metres at the Bellevue #1 site to a depth of 272m. Further, the drilling of the Bellevue #1 well would have already commenced if it were not for MRT cancelling GSLM's permits on the change of licence from SEL13/1999 to EL14/2009.

## 10. SEISMIC CONTRACTORS (TERREX) SECURED

During February 2010, GSLM integrated the acquired seismic data from the 2001, 2006 and 2007 surveys to produce the first East-West seismic section over the Tasmania Basin. This East-West section shows and defines the names/targets of the major undiscovered resources as shown in the RPS Energy (2008) report. Additionally, GSLM integrated the acquired seismic data from the 2001, 2006 and 2007 surveys to produce the first North-South seismic section over the Tasmania Basin. The North-South section also shows and defines the names/targets of the major undiscovered resources as shown in the RPS Energy (2008) report. Although, GSLM has now defined over twelve targets and structures, it is continuing legal action with regards to ten structures that were not reissued as part of the EL14/2009 application on 30 September 2009.

On 10 May 2011, GSLM entered into a contract (Appendix 18) with Terrex Seismic (a seismic contractor) to book and prepare its seismic program as part of its three to five year program (refer to seismic program contained within 30 September 2009 application to MRT for EL14/2009). Securing of trucks and permits for this program will need to be completed over the next 12 months before the seismic program can take place.

## **11. CONCLUSION**

GSLM CEO and founder Malcolm Bendall, has dedicated the past 34 years to research and exploration in Tasmania to determine the probability of onshore oil and gas. The Tasmanian Government has also supported and encouraged not only the formation of a public company but the spending of mainly Tasmanians money on this endeavour to be undertaken. GSLM/Empire, has expended well in excess of \$57 million dollars on this project to date and remains majority owned by Tasmanians despite the fact of being a US publically listed company.

During the period between the end of SEL13/98 term and the issuing of Exploration Licence (EL) 14/2009, GSLM experienced unprecedented opposition from MRT to GSLM continuing the exploration and drilling program previously undertaken within SEL 13/98. The issuing of EL14/2009 was of considerable concern to GSLM since the area included with EL 14/2009 was only 41% of the area originally applied for. As a direct result of this decision by MRT, GSLM has taken this matter to the Magistrates Court of Tasmania.

GSLM believes that MRT has intentionally discriminated against GSLM, and as part of that strategy, MRT has been selective in what information has been conveyed to the Minister for Energy and Resources, with the express intention to put GSLM in disfavour in the Minister's eyes.

To date, GSLM has expended \$4.3 million on EL14/2009, which is 43% more than the required \$3 million (as specified in the licence conditions). This is a significant outlay and clearly exceeds EL 14/2009 commitments. GSLM is concerned that all reported expenditure for Year 1 has not been taken into consideration by the Minister for Energy and Resources.

The company does not believe that it has failed to meet any criteria outlined by MRT under EL 14/2009. Considerable delays to the drilling program (in particular the failure to drill to a depth of 2,800m by 16 May 2011) were unforeseen and GSLM have legitimate reasons for these delays.

Firstly, the cancellation by MRT of GSLM's approval to drill on the change of licence from SEL13/1998 to EL14/2009 caused further delays and considerable expense to the company even when GSLM's drill rig was still in Tasmania. To date, due to significant issues such as changes to land ownership and a lack of response from MRT on key issues pertinent to the exploration program, GSLM has been unable to submit a request of approval to drill, and is currently unable to progress the exploration program until these issues are resolved.

Secondly, on the 3 September 2010, the Director of Mines clearly stated that GSLM have two years to drill two holes, not one year per hole.

Thirdly, GSLM commenced two holes drilling during December 2008 at Bellevue #1 and has already drilled to a depth of 272m. Further drilling could have been commenced under EL14/2009 if not for the unnecessary delays put upon this company by MRT and the Director of Mines. Examples of these delays include the issuing of EL14/2009 over 8 months after GSLM's application for licence was submitted to MRT on 30 September 2009. Additionally, the cancellation of the drilling approval by MRT have also caused major setbacks to the exploration program.

GSLM questions the apparent convenience in the timing of the Ministers intention to revoke EL14/2009 as this would fall approximately one week prior to GSLM's court hearing with The State of Tasmania due to be held on 1 August 2011. It is therefore difficult to believe the Ministers timing in this matter to be purely coincidental and without prejudice. For EL14/2009 to be revoked by the Minister at this point in the term of the licence could be seen as an unconscionable act with malicious intent to destroy the company and its shareholders interests.

It should be noted that GSLM honoured the conditions laid out by the Tasmanian Government for GSLM to involve the public in a share float of the company. This condition was achieved via Empire and is now listed on Nasdaq with the company having more than 2600 shareholders worldwide of which 500 Tasmanian investors have maintained a controlling interest in the company. These shareholders deserve a positive resolution to this issue. In addition, the company has also raised \$5 million to complete the Bellevue drilling program which is referred to in an Empire Press release dated 3 June 2011 (Appendix 19).

In consideration of the above, GSLM believe the Minister's intention to revoke GSLM's EL14/2009 is another attempt by the Tasmanian Government to cause further setbacks in the progress of GSLM's drilling program and wish to draw to the Minister's attention to the current matters under investigation at the moment with the industry Ombudsman and the Integrity Commission in relation to the above. We therefore strongly appeal to the Minister to reconsider the validity and premature proposal to revoke EL14/2009 from GSLM.

Yours sincerely,



Malcolm Bendall (FAICD)  
CEO Great South Land Minerals Ltd &  
CEO Empire Energy Corporation International

## **APPENDICES**

- Appendix 1: Grant and issue of Exploration Licence 14/2009 - 27 May 2010
- Appendix 2: Request for Annual Report and Rent for EL 14/2009 – 1 March 2011
- Appendix 3: Annual Report 2011 - 6 May 2011
- Appendix 4: MRT Quarterly Report Ended 30 June 2011 - 24 July 2011
- Appendix 5: SEL 13/98 Final Report - September 2009
- Appendix 6: Statutory Declarations - 11 May 2011
- Appendix 7: Email from CEO-Tasmanian Land Conservancy to GSLM - 28 March 2011
- Appendix 8: Email from Paul Heath (GSLM) to Carol Bacon (MRT) - 13 April 2011
- Appendix 9: Email from Paul Heath (GSLM) to Carol Bacon (MRT) - 19 April 2011
- Appendix 10: Email from Carol Bacon (MRT) to Paul Heath (GSLM) - 19 April 2011
- Appendix 11: Email from Paul Heath (GSLM) to Carol Bacon (MRT) - 20 April 2011
- Appendix 12: Letter from Paul Heath (GSLM) to Nathan Males (TLC) - 14 April 2011
- Appendix 13: Letter from Paul Heath (GSLM) to Nathan Males (TLC) - 21 March 2011
- Appendix 14: Email from Paul Heath (GSLM) to Leonard Michael (DIER) - 22 March 2011
- Appendix 15: Land Owner Access & Rental Agreement - 5 July 2011 (most recent version)
- Appendix 16: Summary of discussions TLC and GSLM - 5 July 2011 at TLC offices
- Appendix 17: Letter from GSLM to TLC- RE: Application to Vary of FPP - 20 April 2011
- Appendix 18: Terrex Seismic Services Agreement - 10 May 2011
- Appendix 19: Empire Energy Press Release – 3 June 2011

