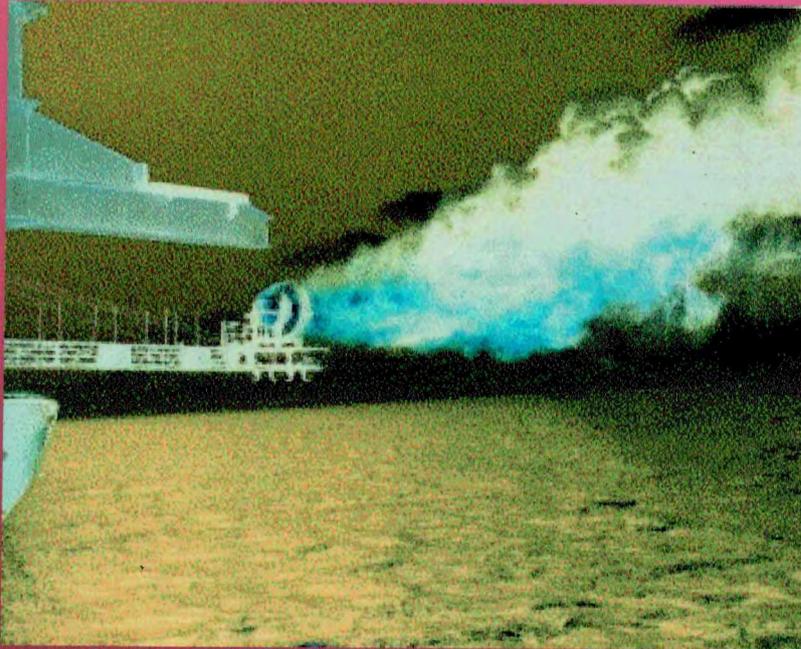


**T/RL1 (Yolla Field)
OFFSHORE BASS BASIN**

TASMANIA, AUSTRALIA



FARMOUT PROPOSAL



CONTENTS

1. Summary
2. Exploration History
3. Permit details and Commitments
4. Yolla Field
5. Follow up Potential
6. Farmout Terms

Figures:

1. Location Map
2. Stratigraphic Column
3. Yolla 1 – Log
- 3a. Yolla 1 – Log
4. Yolla Structure Schematic
5. Seismic in-Line 530 – Dip Line through Yolla 1
6. Near Top 2718 Sand, Depth Structure Top Gas Sand

1 SUMMARY

Boral Energy Resources Limited (BERL) and its Joint Venture parties are offering to farmout up to 25% equity in permit T/RL1 in exchange for contributing to the cost of drilling and testing an appraisal well (estimated total cost of AUS \$15.0 million) on the Yolla gas, condensate and oil discovery. Terms are negotiable.

T/RL1 is a Retention Licence offshore Bass Basin, Tasmania and includes the potentially commercial gas, condensate and oil discovery at Yolla 1 located approximately 135 km north of the Tasmanian coastline and 205 km south east of a landfall near Geelong, Victoria. Water depth is 80m.

The Yolla Field is located on a fault bounded structure with the main reservoir target in Palaeocene aged sandstones within the intra-Eastern View Coal Measures. A 3D seismic grid has been acquired and interpreted over the structure in preparation for appraisal drilling.

The Yolla Field has proven OGIP (original gas in place) up dip of Yolla 1 of approximately 96 BCF. Significant upside is recognised with recoverable reserves of over one TCF achievable.

In addition amplitude mapping at the shallower top Eastern View Coal Measures level, from which oil and gas were recovered in DST 2, suggests a more extensive closure than previously recognised with the potential to add additional reserves of oil and gas.

Significant market potential is recognised in the region, and BERL has advanced negotiations with potential customers in both Victoria and Tasmania. A conditional gas contract is anticipated to be in place during 1996. Assuming a successful appraisal program outcome, production could commence by early 2001. Further details of marketing and engineering will be provided subject to the signing of a confidentiality agreement.

The first term of the Retention Lease has recently concluded. A renewal application for a second 5-year term has been lodged and is anticipated to be granted shortly.

2 EXPLORATION HISTORY

The first well to be drilled in the permit area was ESSO-operated Bass 1 which spudded in 1965, and was also the first well to be drilled in the Bass Basin. The primary objective of Bass 1 was to investigate a seismic feature thought to be a carbonate reef within Tertiary limestones. At the objective level the well intersected Tertiary extrusive igneous rocks. Drilling continued into the upper part of the Eastern View Coal Measures before the well reached a total depth of 2352m. No hydrocarbons were encountered and the well was plugged and abandoned. Modern seismic data clearly show that Bass 1 was drilled out of closure at the top Eastern View Coal Measures level.

The second well was AMOCO operated Yolla 1, drilled in 1985 to evaluate mapped closure at the top Eastern View Coal Measures and deeper levels. The well reached a total depth of 3347 m after intersecting hydrocarbons at two levels within the Eastern View Coal Measures. The well was cased and tested.

DST 1 over the interval 2809.1 - 2824.6 m (Palaeocene age, intra Eastern View Coal Measures) flowed gas at 15.1 MMCFD and condensate at 580 BPD. A skin damage of 13.5 is calculated for the test demonstrating an AOF of 308 MMCFD. DST 1 tested one of seven sand units which are all interpreted to be gas/condensate bearing and which form the basis for the potential development of the Yolla Field.

DST 2 over the interval 1830 - 1835.2 m (Eocene age, top Eastern View Coal Measures) flowed gas at 2.2 MMCFD and water at 1675 BPD. The water was interpreted to be sourced via channelling behind casing and the perforations were squeezed off before DST 2A was conducted over the interval 1833.2 - 1833.8 m. DST 2A flowed gas at 1.02 MMCFD and oil at 302 BOPD. DST 3 over the interval 1813 - 1833.1 m flowed gas at 11.8 MMCFD and condensate at 892 BPD. The hydrocarbon trap at the top Eastern View Coal Measures is volumetrically smaller than the Palaeocene trap, but may be economic to produce in conjunction with development of the deeper reservoirs.

Approximately 880 km of modern 2D seismic were acquired in the permit between 1982 and 1992. A 260 sq km 3D seismic survey was acquired in 1994 covering the greater Yolla structure.

The field is technically mature for appraisal drilling which could commence, subject to rig availability, as early as late 1996.

3 PERMIT DETAILS AND COMMITMENTS

Area	:	580 sq km (9 graticular blocks)										
Date Granted	:	07/05/91										
Renewal Date	:	07/05/96 (renewal application lodged)										
Participants	:	<table border="0" style="margin-left: 20px;"> <tr> <td>Boral Energy Resources Limited</td> <td style="text-align: right;">53.8615% (Operator)</td> </tr> <tr> <td>* GFE Resources NL</td> <td style="text-align: right;">16.6915%</td> </tr> <tr> <td>Galveston Mining Corp Pty Ltd</td> <td style="text-align: right;">14.0%</td> </tr> <tr> <td>Cultus Petroleum (Aust) NL</td> <td style="text-align: right;">10.447%</td> </tr> <tr> <td>Boral Energy Northwest Ltd</td> <td style="text-align: right;">5.0%</td> </tr> </table> <p style="margin-left: 20px;">* Cultus purchased GFE Resources NL in 1995</p>	Boral Energy Resources Limited	53.8615% (Operator)	* GFE Resources NL	16.6915%	Galveston Mining Corp Pty Ltd	14.0%	Cultus Petroleum (Aust) NL	10.447%	Boral Energy Northwest Ltd	5.0%
Boral Energy Resources Limited	53.8615% (Operator)											
* GFE Resources NL	16.6915%											
Galveston Mining Corp Pty Ltd	14.0%											
Cultus Petroleum (Aust) NL	10.447%											
Boral Energy Northwest Ltd	5.0%											
Encumbrances	:	<p>Boral Energy may be liable to pay a royalty on production of 0.223715% to Cue Petroleum, Cue Group, Setright, Montague and Romsey. Royalties are still to be agreed.</p> <p>GFE, Galveston and Boral Energy are to pay to Chevron:</p> <table border="0" style="margin-left: 20px;"> <tr> <td>(a)</td> <td>\$1.0m within 30 days of spudding Yolla 2;</td> </tr> <tr> <td>(b)</td> <td>\$1.0 m within 30 days when development becomes unconditional, and;</td> </tr> <tr> <td>(c)</td> <td>\$6.0m total from gross revenue.</td> </tr> </table>	(a)	\$1.0m within 30 days of spudding Yolla 2;	(b)	\$1.0 m within 30 days when development becomes unconditional, and;	(c)	\$6.0m total from gross revenue.				
(a)	\$1.0m within 30 days of spudding Yolla 2;											
(b)	\$1.0 m within 30 days when development becomes unconditional, and;											
(c)	\$6.0m total from gross revenue.											
Expenditure and Work Commitments	:	<p>The following conditions apply to the Yolla Retention Lease:</p> <table border="0" style="margin-left: 20px;"> <tr> <td>(a)</td> <td>The Lessee shall carry out further studies in order to identify a satisfactory market for the gas contained in the Yolla Field;</td> </tr> <tr> <td>(b)</td> <td>The Lessee shall drill a delineation well within the lease following the signing of a contract for the supply of natural gas from the Yolla Field.</td> </tr> </table>	(a)	The Lessee shall carry out further studies in order to identify a satisfactory market for the gas contained in the Yolla Field;	(b)	The Lessee shall drill a delineation well within the lease following the signing of a contract for the supply of natural gas from the Yolla Field.						
(a)	The Lessee shall carry out further studies in order to identify a satisfactory market for the gas contained in the Yolla Field;											
(b)	The Lessee shall drill a delineation well within the lease following the signing of a contract for the supply of natural gas from the Yolla Field.											

4 YOLLA FIELD

Structure

The Yolla Field was discovered by the exploration well Yolla 1 drilled in 1985 near to the crest of a large fault bounded structure at the main Palaeocene objective level. The structure is located over a prominent Early Cretaceous ridge on the south eastern flank of the Cormorant Trough. Drape and compaction over this ridge, with active fault growth that gradually ceases by the top Eastern View Coal Measures, provides the dominant structural control. At the top Eastern View Coal Measures, the structure is primarily a simple anticline.

Hydrocarbons

Yolla 1 encountered a thin gas, condensate and oil bearing reservoir at the top Eastern View Coal Measures. Underlying this reservoir Yolla 1 intersected a sequence of water bearing sandstones prior to penetrating a thick (80 metre) Miocene igneous intrusive.

Below the intrusive is a sequence dominated by thick shales separated by upward coarsening (shoreface profile) sandstones of Early Eocene to Palaeocene age. There are seven main sandstones in this interval which test- and log-analysis results demonstrate are all hydrocarbon bearing. RFT pressure data demonstrate the presence of at least three main hydrocarbon columns. Two of the sandstones were tested in cased hole DST 1 which recorded gas flows between 2809.1 - 2824.6 m with good to excellent deliverability, whilst an RFT sample comprising 47.7 cubic feet of gas, 100 cc of condensate and 1500 cc of filtrate was recovered at 2986 m confirming the presence of gas in the deepest reservoir.

Underlying the deepest sandstone reservoir is a sequence of extrusive igneous rocks of probable Late Cretaceous to Early Palaeocene age in which Yolla 1 reached total depth.

Gas in Place

Mapping of the structure using 3D seismic data shows that it consists of four fault compartments:- the Yolla 1, Yolla North, Yolla North West and Yolla North East fault compartments. Only the largest of these, the Yolla 1 fault compartment, has been drilled to date. The fault throws between the Yolla 1, Yolla North and Yolla North West fault compartments reduce to near the level of seismic resolution (10-20 metres) and therefore it is likely that these fault compartments are in communication and may have common fluid contacts.

Proven OGIP updip of Yolla 1 within the Yolla 1 fault compartment is estimated at 96 BCF. OGIP down to the most likely gas-water contacts (from RFT pressure data) is approximately 550 BCF for the Yolla 1 fault compartment, and 690 BCF for all fault compartments. OGIP to the lowest closing contour in each known reservoir in all fault compartments could be as high as one TCF. Additional potential may exist if the other fault compartments have individual hydrocarbon columns, in particular the Yolla North West fault compartment which, if its bounding faults seal, could contain over 500 BCF OGIP.

The structure also contains other exploration upside as illustrated diagrammatically on the attached "Yolla Structure Schematic". The relatively high liquids yield of the gas trapped in the Palaeocene together with the typing of the top Eastern View Coal Measures oil to Palaeocene source rocks suggests the possibility of oil legs to the gas columns. There is

also the possibility that reservoir sandstones may thicken off structure. Further potential is recognised in onlapping sandstone reservoirs around the basal igneous extrusives intersected in Yolla 1. The interpretation of onlapping sediments around a conical pile of extrusives is supported by the presence of continuous seismic reflectors down dip from Yolla 1. The potential of these reservoirs is calculated to be 470 BCF of gas in place. Closure for these targets is located in the Yolla 1 and Yolla North fault compartments.

A vertical seismic profile recorded at Yolla 1 may be interpreted to indicate that the base of the igneous extrusives is approximately 50 metres below total depth of the well with possible sedimentary section beneath. Thus there is also a possibility of encountering deeper hydrocarbon reservoirs. The reserves potential of these reservoirs has not been quantified.

Finally, at the top Eastern View Coal Measures it is possible that the mapped time closure has been lowered by shallow low velocity Miocene aged volcanics. If this model is correct, then the oil and gas accumulation at the top Eastern View Coal Measures may be sufficiently large to be commercially produced in conjunction with the main Yolla development. Support for this model is provided by amplitude mapping which indicates a closure significantly larger than the time closure.

Reservoir Engineering

Reservoir engineering studies have been conducted by BERL to determine how the reservoir will behave under production and to provide a basis for facilities studies. Issues such as the number of wells, production and fluid forecasts, fluid compositions etc have all been addressed.

Facilities

A facilities study by Dawson Brown & Root engineering consultants was commissioned by the Joint Venture. The report provides a comparison of a number of development options involving manned versus unmanned platforms, FPSO versus platform, onshore versus offshore processing. Estimates of capital and operating costs and development schedules have been compiled, and detailed project economics have been run for all scenarios.

Alliancing

The Joint Venture has conducted discussions with potential alliance partners concerning the possibility of entering into alliancing agreements for the development phase of the project.

Marketing

Markets for Yolla gas have been identified in both Victoria and Tasmania where BERL has advanced negotiations with a number of potential customers. A conditional gas marketing agreement is expected to be secured during 1996. Assuming a successful appraisal program it is possible to commence production as early as 2001.

5 FOLLOW UP POTENTIAL

BERL operates two exploration permits adjacent to the Yolla Retention Lease specifically T/18P and T/25P (refer to location map). New seismic acquired in these permits in the last 2 years has identified a number of robust prospects which are considered to provide excellent targets for both oil and gas. Opportunities to earn equity in these permits also exist but fall outside this proposal. Other Operators have exploration permits to the east of Yolla.

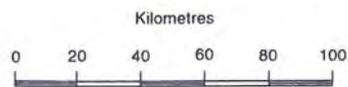
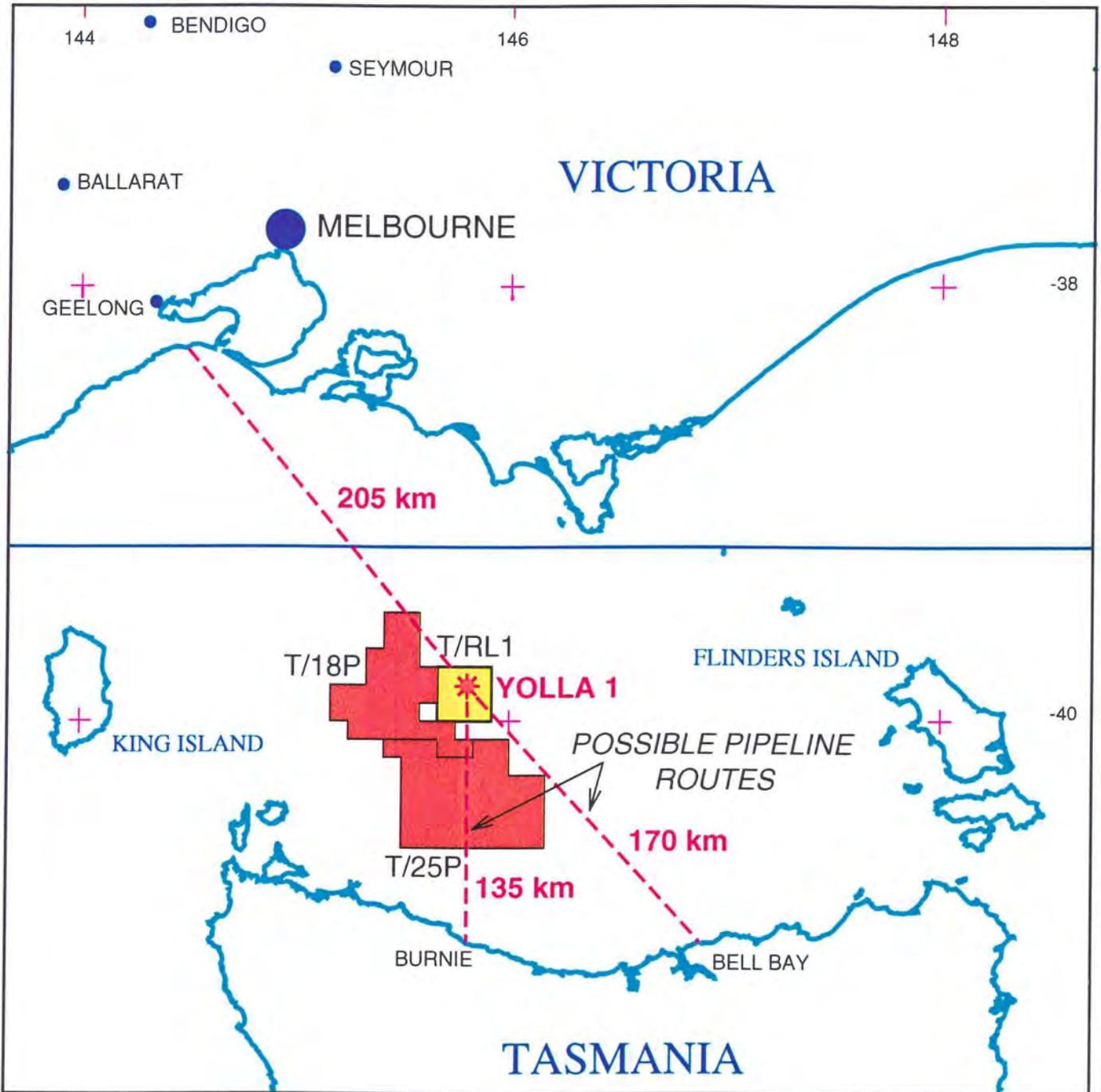
6 FARMOUT TERMS

The T/RL1 Joint Venture is seeking to farmout a 25% interest in T/RL1 in return for contributing to the cost of drilling and testing a Yolla 2 appraisal well. Yolla 2 will cost an estimated A\$15 million (US\$11.1 million) to drill, case and run one DST. Farmout terms are negotiable.

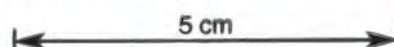
Additional information is available upon signing of a Confidentiality Agreement. Enquiries concerning this farmout proposal should be addressed to:-

Rod Lovibond
Manager, Exploration Australia South
Boral Energy Resources Limited
60 Hindmarsh Square
ADELAIDE SA 5000
AUSTRALIA

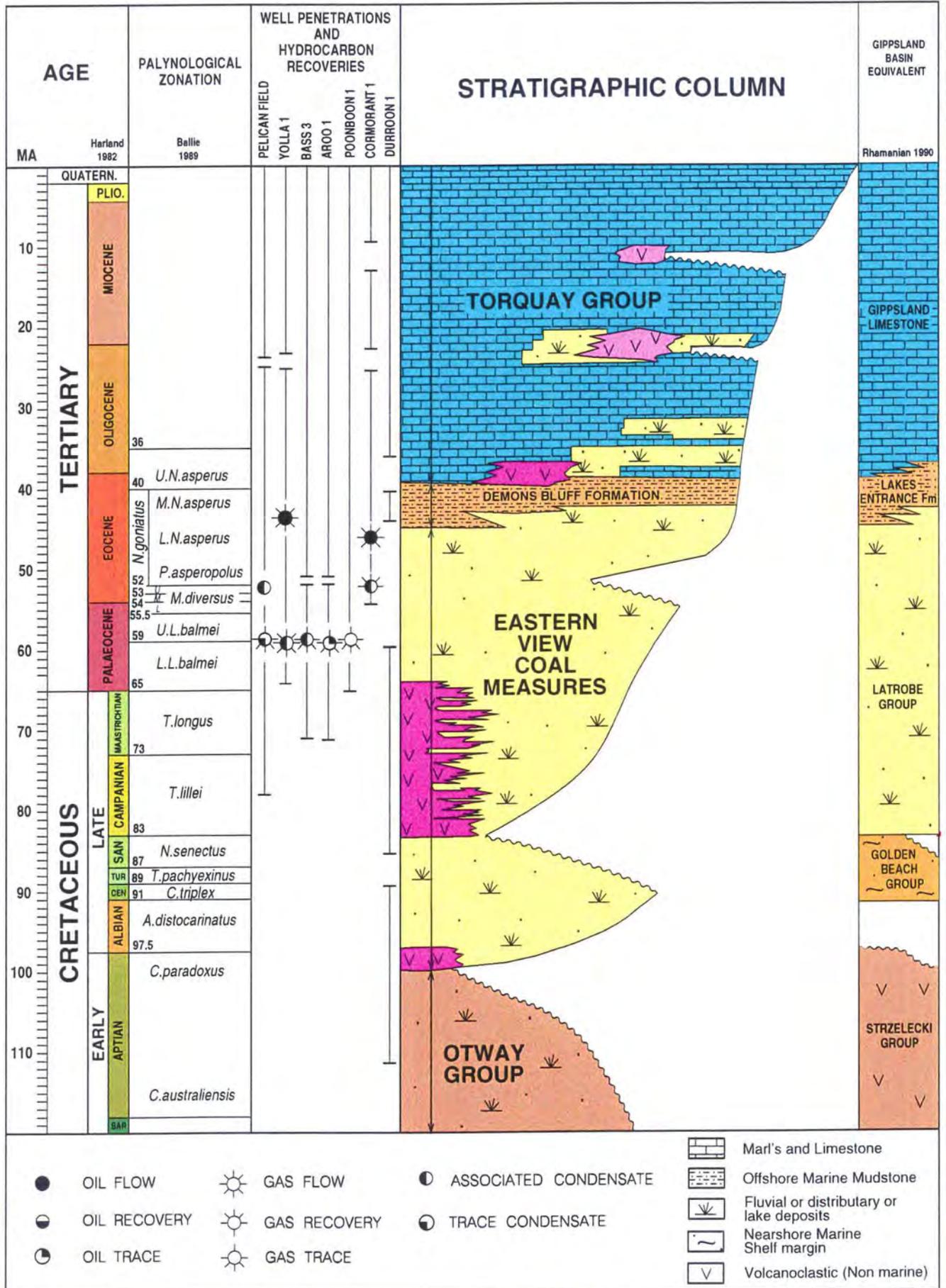
Phone: (618) 235 3737
Fax: (618) 223 1851



BASS BASIN TASMANIA LOCATION MAP



BASS BASIN - TASMANIA STRATIGRAPHIC COLUMN



5 cm

5 cm



YOLLA 1

T/RL1

Spudded 08/06/85

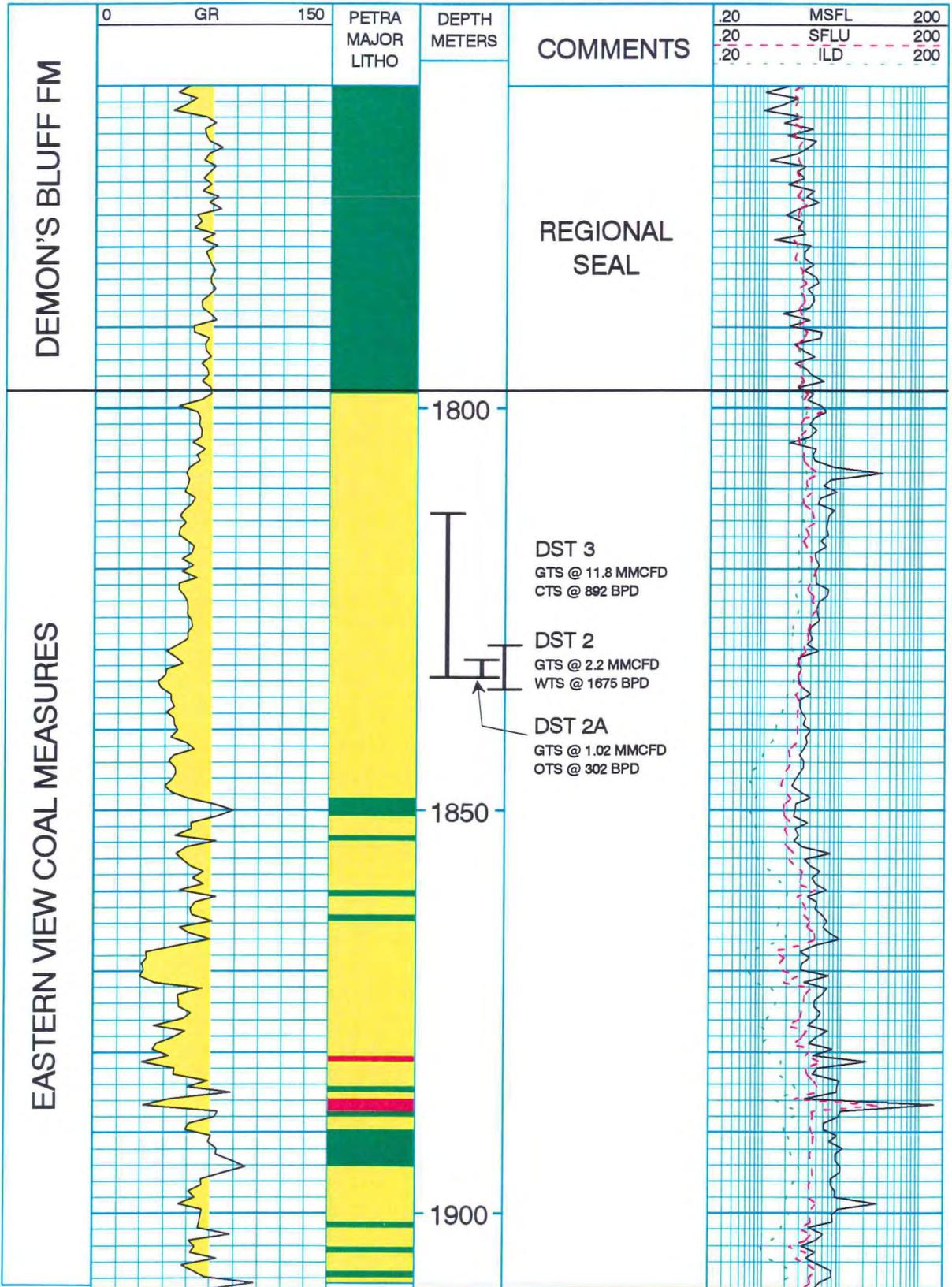


FIGURE 3.

5 cm



YOLLA 1

T/RL1

Spudded 08/06/85

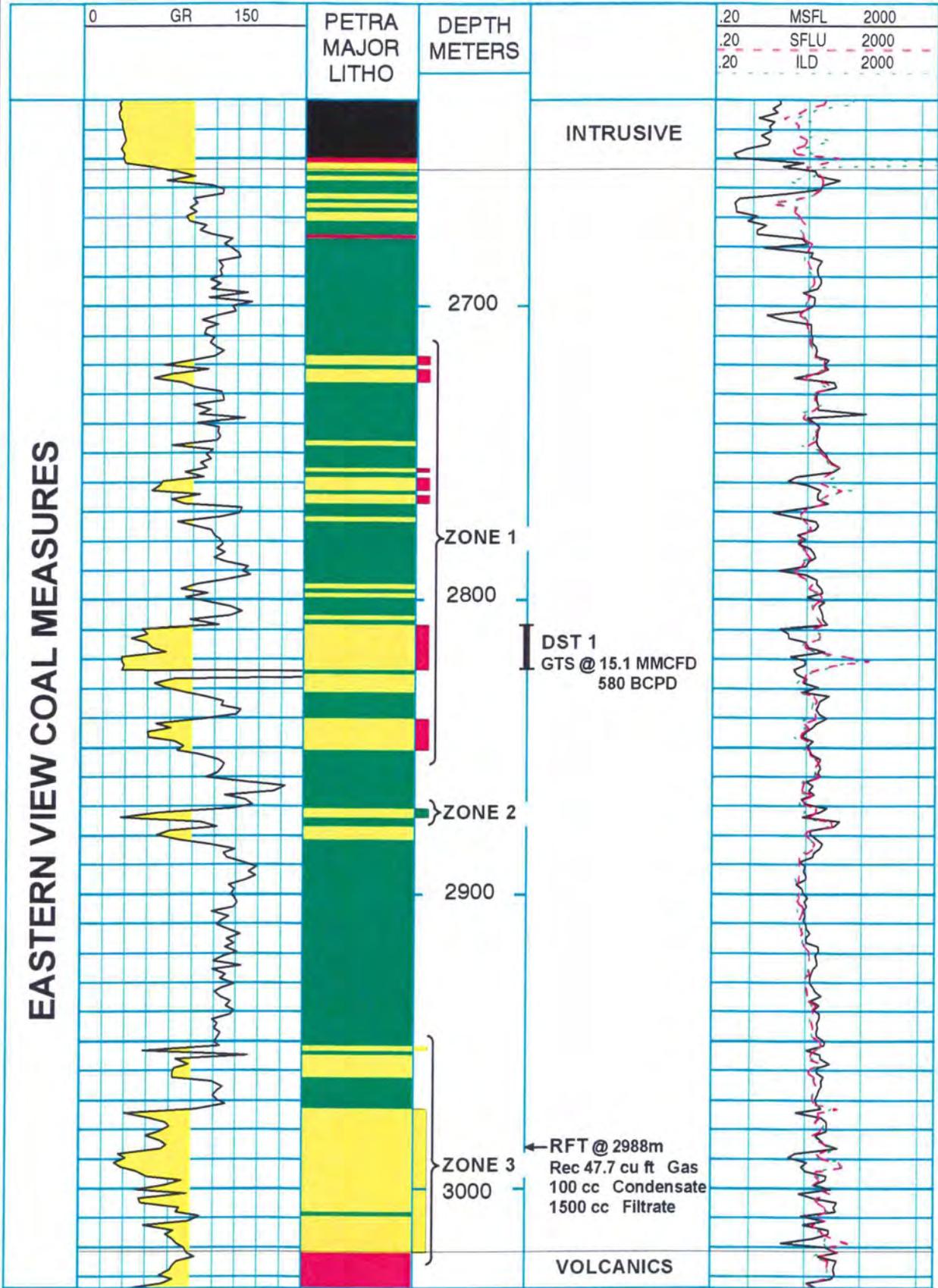


FIGURE 30.

YOLLA STRUCTURE SCHEMATIC

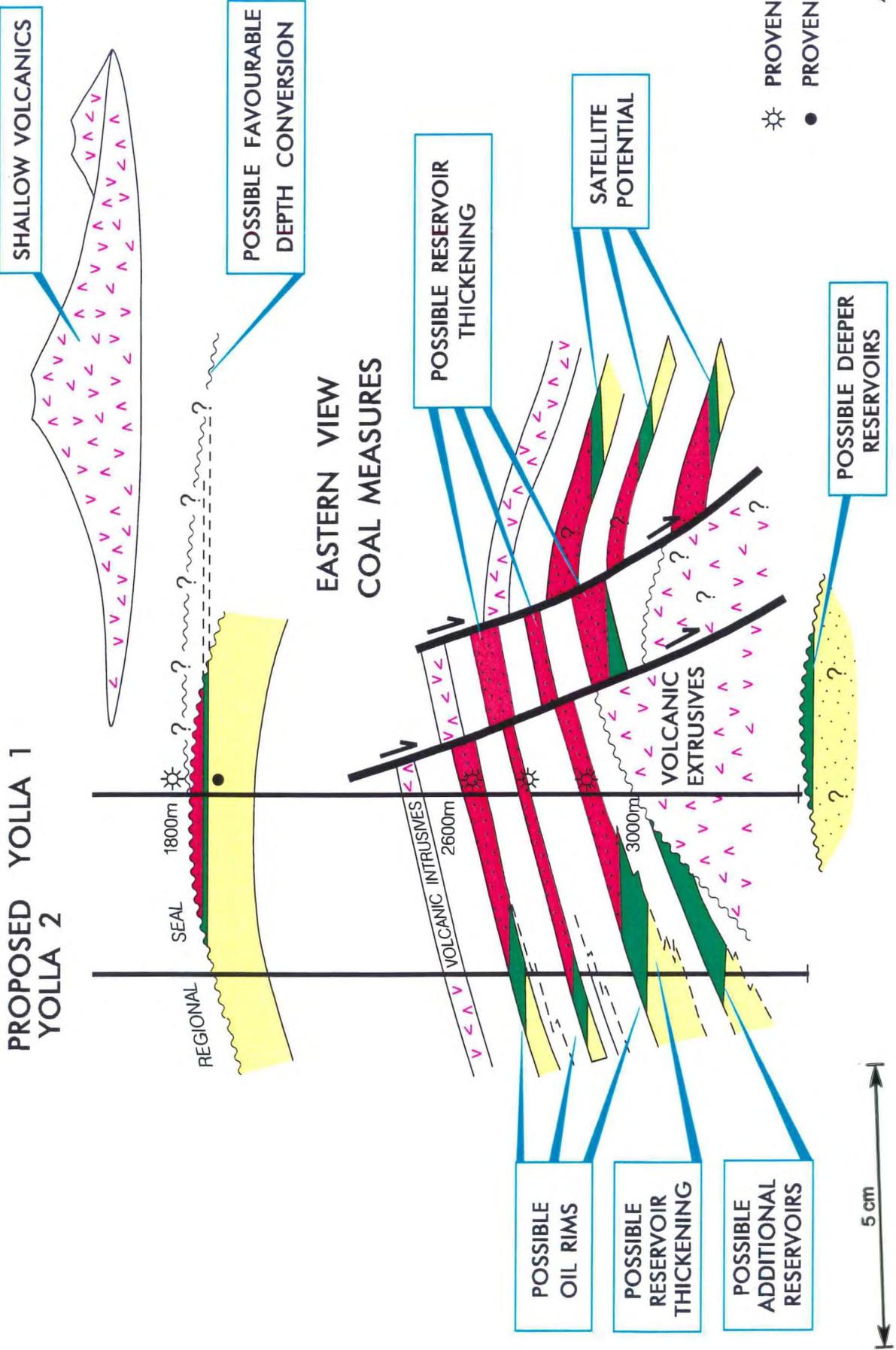


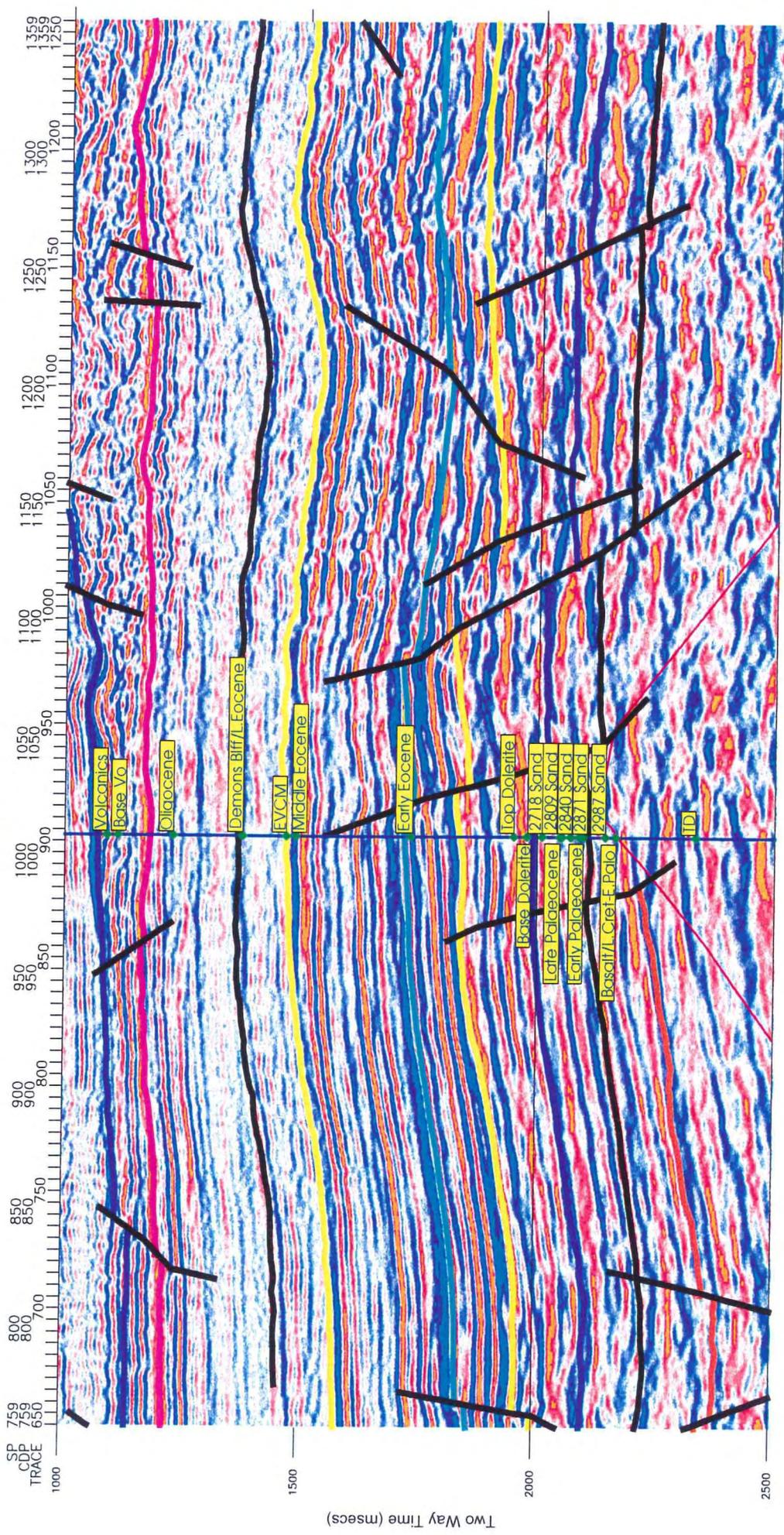
FIGURE 4.
No. 12729.0995



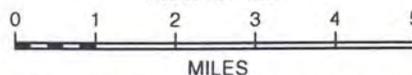
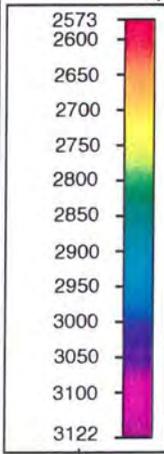
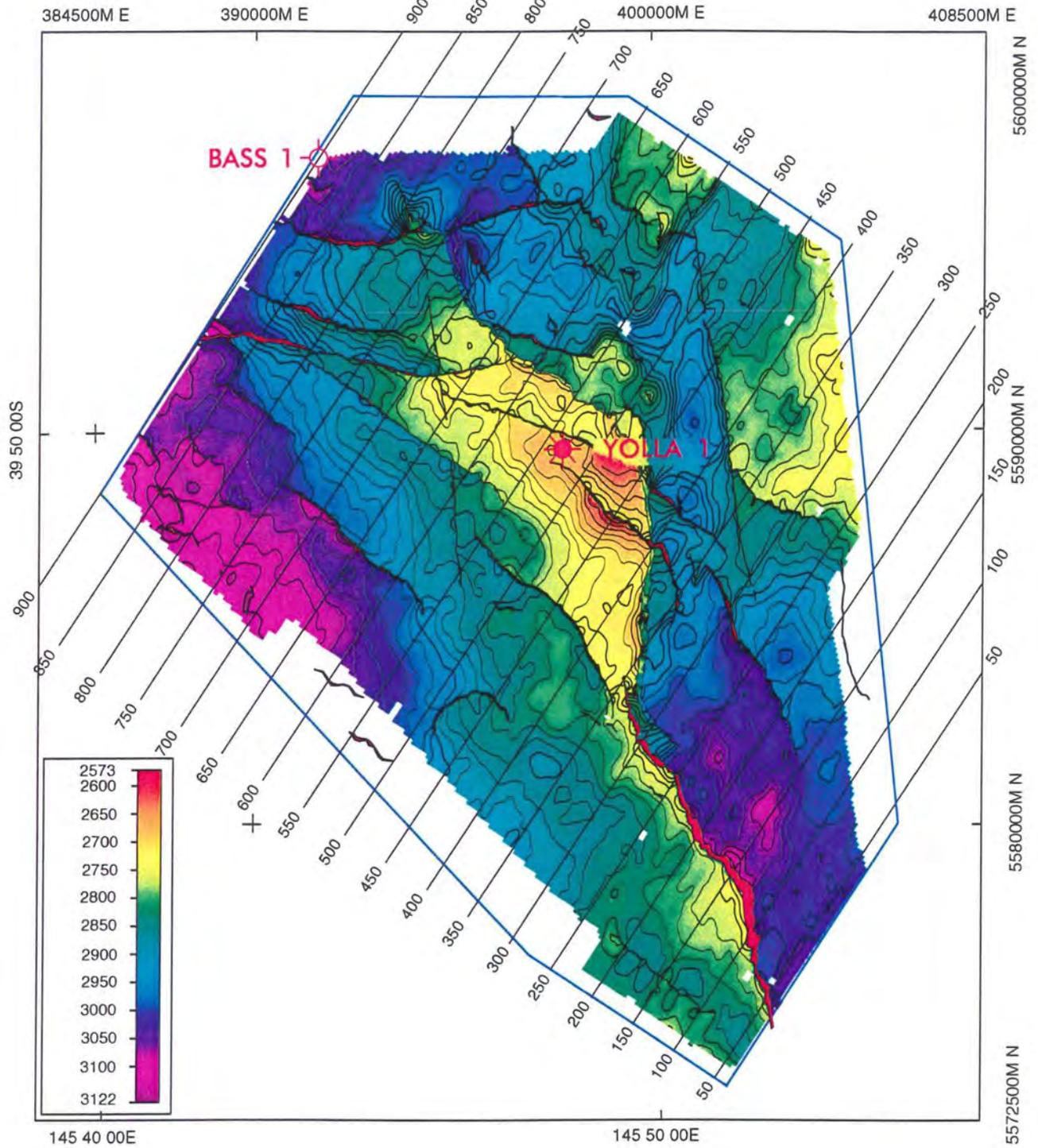
SEISMIC IN-LINE 530 - DIP LINE THROUGH YOLLA 1



YOLLA 1



5 cm



UNIVERSAL TRANSVERSE MERCATOR PROJECTION
 AUSTRALIAN NATIONAL SPHEROID
 CENTRAL MERIDIAN 147 00 00E

T/RL1 BASS BASIN TASMANIA
 NEAR TOP 2718 SAND, DEPTH STRUCTURE
 TOP GAS SAND

FIGURE 6.