

T18P:

The Designated Authority for Tasmania has postponed the second year permit obligation and revised the third year obligation to allow the drilling of the first well at any time in the third year. The farminee will undertake the commitment for years 3, 4, 5 and 6 and will be expected to operate the permit. On the completion of the year 3 commitment well, the farminee will have earned a 30% net interest. The present permit holders will have the right to maintain, wholly or in part, a pro rata interest. Subsequent interest earnings on completion of the obligation work programmes will be 50% after the fourth year, 70% after the fifth and 80% after the sixth year.

The enclosure is a summary of the exploration status of the Bass Basin. Please contact us if you require further geological or seismic information.

Yours faithfully,

J.K. Davidson.

DIRECTOR.