

GREAT SOUTH LAND MINERALS LIMITED

ABN 54 068 650 386

2002 ANNUAL REPORT

FOR

MINERAL RESOURCES TASMANIA

SPECIAL EXPLORATION LICENCE 13/98

Dr Clive Burrett – Chief Geologist
Mr Rod Tabor – Exploration Manager
Mr David Tanner – Chief Executive Officer

27 June 2002

2002 Annual Report

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27 June 2002

Director of Mines
Mineral Resources Tasmania
PO Box 56
ROSNY PARK TAS 7018

Attention : Dr A.V. Brown

Dear Dr Brown,

2002 Annual Report

I have pleasure in forwarding our amended 2002 Annual Report covering work on special exploration licence, SEL 13/98, up to the end of March 2002.

Please accept my apologies for not forwarding the complete set of contractor reports together with the acquisition and processed data with the original annual report.

Should you require any further information to meet your specific requirements, please contact me on 6231 9339.

Yours faithfully

David Tanner
Chief Executive Officer
Great South Land Minerals Limited

Statutory Declaration

I, David Andrew Tanner, Chief Executive Officer

for Great South Land Minerals Limited

of Level 3, 65 Murray Street, Hobart Tasmania.

Declare that the information herein pertaining to the 2002 Annual Report on Oil and Gas Exploration is true and I make this solemn declaration by virtue of Section 132 of the Tasmanian evidence Act 1910.

Declared at Hobart this day of 2002.

.....(signature), before a Justice of the Peace or a

Commissioner of Declarations (signature)

Executive Summary

Great South Land Minerals Limited has completed the regional seismic survey TB01 that was carried out in 2001 over part of the area covered by its licence SEL 13/98. From March 2001 until June 2001 Great South Land Minerals Limited acquired nearly 660 line kilometres of vibroseis seismic data.

At the conclusion of the seismic program an environmental report was submitted to the Department of Primary Industry, Water and the Environment's Threatened Species Unit.

All properties that were affected by the survey were de-permitted and feedback from the overwhelming majority of landowners confirmed that the seismic survey had been conducted in a professional manner.

The processing of the seismic data by Robertson Research Australia Pty Ltd has been completed with final and migrated stacks received for all lines.

The preliminary results of the interpretation of the seismic data were used to plan the line locations for the next regional seismic survey, TB02. A total of 1075 line kilometres of seismic data acquisition is planned including lines to define structures identified during the TB01 survey, lines located close to wells that were drilled and precollared in 1997 and lines to extend the regional coverage. As was the case with the survey TB01, the lines have been located wherever possible along public roads in order to minimise the impact of the survey on private land and environmentally sensitive areas.

Conditional approval for the survey TB02 has been granted by Mineral Resources Tasmania and DPIWE. Environment Australia has ruled that the survey, TB02, is not a controlled action and approval under Part 9 of the Act is not required. DIER has issued permits to allow the use of road reservations for the survey and the operation of the vibroseis trucks on public roads.

A US based geophysical company was commissioned to prepare a technical review of the exploration potential of onshore Tasmania.

The next step in Great South Land Mineral Limited's exploration program calls for the deepening of the Hunterston #1 stratigraphic well to 1,200 metres or further if conditions allow. Negotiations with a drilling contractor are in an advanced state with drilling operations planned to start in May 2002.

The document "Assessment of Value, Special Exploration Licence SEL 13/98, Onshore Tasmania Basin" which was originally prepared in 2000 has been updated to reflect changes in costs and information obtained from the regional seismic survey, TB01.

Great South Land Minerals Limited together with the School of Earth Sciences at the University of Tasmania has continued with the ARC - SPIRT, joint research program with the appointment of three PhD students.

Introduction

Exploration Objectives

The exploration objective of Great South Land Minerals Limited (GSLM) is to discover commercial quantities of oil and gas onshore Tasmania.

GSLM's current exploration strategy is based on an extensive seismic and drilling program involving the acquisition of at least 2000 line kilometres of seismic data, and is designed to:

- determine the extent of the two petroleum systems that have been outlined;
- define potential petroleum targets;
- test potential targets through a drilling program.

Licence Details

GSLM currently holds Special Exploration Licence SEL 13/98, which covers most of the Tasmania Basin. The licence covers an area of 30,356 square kilometres.

Under Part 2, Division 4 section 44-(1) of the Mineral Resources Development Act 1995, SEL 13/98, was granted for an initial period of 5 years, with the ability to extend the licence for another 5 years at the discretion of the Minister. The initial period expires on 18 May 2004, and the licence may be extended for any period so long as the total term of the licence does not exceed ten years.

The exploration licence may be partially relinquished or converted to a retention or mining lease at any time during the period it remains in force. During the period of the exploration it was a requirement of the licence that GSLM complete at least 600 line kilometres of seismic reflection data acquisition and spend a minimum of \$2,000,000 on on-ground exploration before June 2001, and thereafter a minimum of \$2,000,000 per annum.

The Minister, by letter dated 30 June 2000, has removed the requirement that GSLM must proceed with the public float of Great South Land Minerals Limited before the first anniversary of the issue of the licence.

Joint Venture Details

GSLM had not entered into any joint venture agreements concerning the special exploration licence, SEL 13/98, as of 31 March 2002.

Completed Exploration Work

Independent Geologist's Review

Great South Land Minerals Limited commissioned Galen Treadgold of Weinman GeoScience to submit a technical review on the exploration potential of the onshore Tasmania Basin.

Weinman GeoScience provides an experienced geophysical and geological exploration consulting and seismic processing service dedicated to the effective integration of seismic, geologic, and engineering data in the search for and the exploitation of hydrocarbon reserves. Galen Treadgold is the current manager of Exploration and Production Services for Weinman GeoScience of Dallas, Texas.

The Weinman technical review involved a recap of previously published papers and the recently acquired seismic data. The report states, "there is a high probability that hydrocarbons are present in subsurface traps and the necessary elements for economic hydrocarbons are present." The report also includes recommendations for the ongoing exploration program.

The complete technical review "Onshore Tasmania Exploration Potential Fall 2001 Technical Review" is attached as Appendix A.

Regional Seismic Survey TB01

Vibroseis equipment and personnel were mobilized in early March and the recording of seismic lines started on 10 March 2001. At the time of the last annual report approximately 300 kilometres of seismic data had been acquired.

Trace Energy Services halted the seismic survey after Easter, 2001 and moved their equipment to Victoria to fulfil a prior contractual commitment. By the time the trucks returned to the State in late May, 2001, the quantity of rain that had fallen resulted in ground conditions that could no longer support the vibroseis trucks.

The remaining seismic program was modified so that acquisition was confined to roads.

The seismic program was stopped after the recording of the seismic line TI, from Bronte via Lake Samuel to Lake Echo. By this time Great South Land Minerals Limited had completed the acquisition of 659.125 line kilometres of vibroseis seismic survey.

Daily operational reports of the seismic acquisition survey were forwarded on a daily basis to Mineral Resources Tasmania (MRT). A complete set of daily operational reports is attached to this report as Appendix B.

Details of all the seismic lines acquired during the survey TB01 are listed below.

Line	Start sp	End sp	Acquired Length
TB01-PA	106	344	6.225
TB01-PB	100	3816	92.900
TB01-PC	100	562	11.550
TB01-PD	142	620	11.975
TB01-PF	155	1526	34.325
TB01-PG	100	2377	59.625
TB01-PJ	100	1000	22.500
TB01-PM	101	1036	23.400
TB01-PT	101	1030	23.850
TB01-PU	345	1512	29.425
TB01-PW	365	1059	18.500
TB01-SA	105	842	18.550
TB01-SB	146	700	13.850
TB01-SC	140	396	7.300
TB01-SD	110	420	7.750
TB01-ST	100	2500	60.025
TB01-TA	101	570	11.775
TB01-TB	100	1874	44.425
TB01-TC	100	1484	34.625
TB01-TD	107	712	15.300
TB01-TE	100	1120	25.500
TB01-TH	100	2780	67.750
TB01-TI	100	766	18.000
TOTAL kilometres			659.125

Acquisition tapes relating to this survey have been delivered to MRT. A full listing of all tapes delivered is attached to this report as Appendix C.

All properties that were affected by the survey have been de-permitted. A questionnaire was sent to the 192 individual landowners affected by the seismic program. The questionnaire requested confirmation that all fences and gates had been returned to their original condition. 71 or 37% of landowners replied to the questionnaire with the overwhelming majority confirming that the seismic survey had been conducted in a professional manner.

Seismic Processing

The processing of the seismic data by Robertson Research Australia Pty Ltd has been completed with final and migrated stacks received for all lines. Paper copies of final and migrated stacks were produced with both normal and compressed scales. The normal scales were vertical 10.0 cm/sec and horizontal 1:20,000 and the compressed scales were vertical 5.0 cm/sec and horizontal 1:40,000. Copies of final and migrated stacks for all lines at both normal and compressed scales together with SEG Y format files on CD are included as Appendix D. A copy of the Robertson processing status report is attached as Appendix E.

Preliminary Seismic Interpretations

Dr Mike Swift of Applied GeothermEx Pty Ltd completed a preliminary interpretation of the seismic sections for TB01 that was presented verbally to GSLM.

Andrew Stacey also completed a preliminary interpretation of TB01. A brief summary of his interpretation is included as Appendix F.

SPIRT Grant

During this period Great South Land Minerals Limited together with the School of Earth Sciences at the University of Tasmania continued to cooperate in the SPIRT joint research program.

Three PhD students have been appointed. Mr Jubo Liu has started work on the modelling of fluid flow in and below the Tasmania Basin, Mr Andrew Stacey has started work on the structural evolution of Tasmania and Mr Alan Chester has started work on the basin analysis of GSLM's lease area.

The postdoctoral fellow, Dr Catherine Reid, is synthesizing data on the geological evolution of the Tasmania Basin.

In addition Mr Paul Lane has started work on a structural interpretation of the Longford Basin using seismic data acquired by Great South Land Minerals Limited during 2001. This will form the basis of an honours thesis.

Review of Results

Interpretation of Seismic

Preliminary analyses by GSLM and by Dr Mike Swift, Mr Ian Reid and Mr Andrew Stacey of 660 line kilometres of 2D seismic across the Tasmania Basin carried out in 2001 have resulted in the identification of several potential anticlinal/domal traps. Detailed studies are in progress by Mr Andrew Stacey. Interpretation has concentrated on individual structural targets particularly in the Central Highlands.

Two small anticlinal structures have been recognised in the Parmeener Supergroup beneath the Longford Basin (Macquarie River and Hummocky Hills Anticlines) and one in the Tertiary infill of the Longford Basin.

Six potentially economic traps have been recognised in the Central Highlands – Derwent Bridge, Bellevue, Steppes, Hunterston, Scotts Tier and Interlaken. Here gently dipping anticlines in the Parmeener almost directly overlie and reflect (or are inherited from) more steeply dipping anticlines beneath the Devonian unconformity. These Devonian structures

are probably mainly within the Wurawina Supergroup and contained within the Devonian fold-thrust belt. Large structures within the Parmeener and Wurawina are interpreted at Bellevue (with at least 3-way dip closure) and at Hunterston (with 4 way dip closure).

Based on these seismic results, we recommend that at least two further seismic lines should be implemented at Bellevue in order to confirm its probable domal structure. We recommend that the previously cased well at Hunterston #1 be deepened to test the stratigraphy of the Gondwana and Larapintine Petroleum Systems and followed by downhole seismic in order to provide reliable seismic velocities for processing of new data and reprocessing of 2001 data by Stacey. Cross lines should be carried out on the other structures and followed by regional 2D lines across eastern and southern Tasmania.

A review by Dr Clive Burrett entitled “Preliminary Seismic Interpretation SEL 13/98.” is attached as Appendix K.

Assessment of Value

A study had been prepared by Great South Land Minerals Limited to assess the value that may be placed upon the Special Exploration Licence area 13/98.

The document “Assessment of Value, Special Exploration Licence SEL 13/98, Onshore Tasmania Basin” was originally prepared in 2000. The report was critically reviewed by an independent geologist, Dr Larry L. Wakefield who concluded that in his professional opinion the approach and methodology provides a fair and reasonable expectation of the value of Special Exploration Licence 13/98, onshore Tasmania Basin. He endorsed the conclusions derived from the outcome of the economic analysis carried out by Great South Land Minerals Limited

In the absence of relevant geophysical subsurface data, a comparative value/probabilistic approach was adopted in which the Expected Monetary Value, EMV, was taken as the indicative value. Three scenarios were examined; a low oil case (11mmbbls production), a medium oil case (30 mmbbls production) and a nominal gas case (185 bcf production).

The original document was based on a number of assumptions some of which have been updated to include the knowledge gained from the seismic survey carried out in 2001, TB01. In addition up-to-date values for drilling and completion expenses, oil prices, gas prices and exchange rates have been entered.

With the revised inputs the three scenarios result in the following changes in EMV;

Scenario	Original Value of Expected Monetary Value	Updated Value of Expected Monetary Value
Low Oil Case 11 mmbbls oil sales	\$34,957,000	\$144,844,000
Medium Oil Case 30 mmbbls oil sales	\$49,717,000	\$262,215,000
Nominal Gas Case 185 bcf gas sales	\$30,620,000	\$139,483,000

A discussion paper entitled “Update of the Assessment of Value, Special Exploration Licence SEL 13/98, Onshore Tasmania Basin.” is attached as Appendix G.

Planned Exploration Work

Stratigraphic Drilling Operations

Following the first regional seismic survey the next step in Great South Land Minerals Limited’s exploration program called for the deepening of the Hunterston #1 stratigraphic well to 1,200 metres or further if conditions allow.

Negotiations with a drilling contractor are in an advanced state with drilling operations planned to start in May 2002. A rig has been moved onto site and the BOP stack has been nipped up ready to start once the mud tanks, pumps and other equipment have been set up.

A well plan has been developed for a second stratigraphic well, to be called Gezer #1. Gezer #1 is planned to be drilled from a location approximately 5 kilometres off-structure on the Bellevue anticline and near to the Marlborough Highway. The well plan has been submitted to Mineral Resources Tasmania for approval.

Conditional approval has been granted by Mineral Resources Tasmania for the drilling / coring of both the stratigraphic well north of Bothwell, Hunterston #1 and the stratigraphic well close to Roscarborough, Gezer #1.

An additional two stratigraphic wells are planned before June 2003. Possible locations for these two wells are Lonnavale #1, Pelham #1 and Bridgewater #1. These wells were drilled and collared in 1997.

The timing of the stratigraphic drilling work described above will depend on the time spent on each of the preceding wells. At the moment the plan is to move the rig currently rigged up on Hunterston #1 to Gezer #1 and then to Lonnavale #1 and Pelham #1 however this may change depending on the exploration results.

Seismic Survey TB02

The results of the interpretation of TB01 were used to plan the line locations for the next regional seismic survey, TB02. A total of 1075 line kilometres of seismic data acquisition is planned. As was the case with the survey TB01, the lines have been located wherever possible along public roads in order to minimise the impact of the survey on private land and environmentally sensitive areas.

Approximately 198 line kilometres were located in the Central Highlands to more closely define structures identified during the TB01 survey. A further 107 line kilometres were located close to wells that were drilled and precollared in 1997, namely Pelham, Bridgewater and Lonnvale. The remaining 770 line kilometres have been located along roads to extend the regional coverage to the East Coast, the Florentine Valley and Cackle Creek.

The planned seismic lines were submitted to Mineral Resources Tasmania in order to obtain approval for the survey. Conditional approval was granted on 21 December 2001. The approval was conditional on meeting the following:

- Any requirements from the relevant Councils and the Department of Transport are to be met, in the use of infrastructure, services and property under their authority.
- The areas outlined by the Threatened Species Unit may not be accessed without prior discussion and comment from Mineral Resources Tasmania and Naomi Lawrence (Botanist – Threatened Species Unit).
- Further details to be submitted on the lines where any earthworks are proposed or substantial modifications to an existing track (or part thereof) are required for access.
- For lines within the States reserve system (where the above dot point applies) the Mineral Exploration Working Group will be involved and a joint site inspection will be required.

The Department of Infrastructure, Energy and Resources has issued a permit to authorize the carrying out of works within the state roads reservations. They have also authorized the operation of the vibrator trucks on public roads.

The timing of the seismic work described above is dependant on the availability of funding. At the moment the plan is to mobilise a seismic crew in late spring 2003.

A series of maps showing completed and planned seismic survey lines is attached as Appendix H.

Farm-in Drilling Operations

Negotiations are currently underway with a British based oil exploration company interested in acquiring an interest over a portion of the special exploration licence, SEL 13/98.

Should negotiations be successful GSLM's exploration plans would be adjusted to include the drilling of a deep exploration well in the Longford Basin.

Exploration Budget

The cost of the planned drilling and seismic work for the period 1 July 2002 to 30 June 2003 has been estimated at \$2,810,000. A copy of our 2002-2003 Exploration Programme and associated Gantt charts has been attached as Appendix I.

Environmental

Seismic Survey TB01

At the conclusion of the seismic program an environmental report was submitted by the consultant botanist, Mr Barker, to the Department of Primary Industry, Water and the Environment's Threatened Species Unit. He concluded; "All roadside surveys avoided potential impacts on threatened species by avoiding any physical disturbance of the potential habitats by undertaking the seismic survey from the road surface. The remnant habitat surveys indicate that there is not likely to be any impact at those sites where threatened species have been recorded in the vicinity. No threatened species were found in the vicinity of the survey points." A copy of his report is attached as Appendix J.

Seismic Survey TB02

A submission was made to Environment Australia in order to seek a ruling on whether the seismic survey TB02 would require approval under the Environment Protection and Biodiversity Conservation Act 1999. Notification that it had been determined that the seismic survey was not a controlled action was received on 3 January 2002.

A submission was made to the Department of Primary Industry, Water and the Environment's Threatened Species Unit outlining the company's environmental plan with respect to the seismic survey, TB02. The Threatened Species Unit requires Great South Land Minerals Limited to ensure that the consultant botanist will be present whenever a seismic line;

- is within areas known to contain significant flora species which have been identified by the consultant botanist or
- will go through areas of native vegetation types identified as potential habitat for threatened flora species by the consultant botanist.

Expenditure

Details of the exploration expenditure for the period 1 July 2000 to 30 June 2001 were as follows:-

Geophysics – gravity	\$ 84,465.89
Geophysics – magnetics	\$ 352.81
Geophysics – land seismic (line kilometres = 659.125)	\$ 2,664,873.68
Drilling	\$ 2,731.75
Licence fee	\$ 35,250.89
SPIRT	\$ 38,457.00
Other	\$ 22,676.54
TOTAL	\$ 2,848,808.56

For the period from 1 July 2000 to 31 March 2002 details of exploration expenditure are as follows:-

Geochemistry	\$ 97.00
Geophysics – gravity	\$ 90,507.53
Geophysics – magnetics	\$ 352.81
Geophysics – land seismic (line kilometres = 659.125)	\$ 2,943,362.58
Drilling	\$ 47,717.12
Licence fee	\$ 95,156.93
SPIRT	\$ 166,645.00
Other	\$ 75,787.04
TOTAL	\$ 3,419,626.01

At the end of the financial year ending 30 June 2002 our accounting firm, KPMG, will audit our figures for the period. Their audit report will be forwarded to your office as soon as it is completed.

Appendices

- A. Onshore Tasmania Exploration Potential, Fall 2001, Technical Review by Weinman GeoScience Dallas, Texas.
- B. Trace Energy Services daily production reports for survey TB01.
- C. Listing of Acquisition Tapes delivered to Mineral Resources Tasmania.
- D. Paper copies and CD of final and migrated seismic stacks at both normal and compressed scales.
- E. Robertson Research Australia Pty Ltd processing status report.
- F. Preliminary Interpretation of TB01 by Andrew Stacey.
- G. Update of the Assessment of Value, Special Exploration Licence SEL 13/98, Onshore Tasmania Basin a discussion paper prepared for the Board of Great South Land Minerals Limited.
- H. Completed (TB01) and planned (TB02) Seismic Survey Lines.
- I. 2002-2003 Exploration Programme and associated Gantt charts.
- J. Threatened Flora Assessment of Seismic Survey Lines in the Midlands and Central Highlands of Tasmania by Philip Barker.
- K. Review of Preliminary Interpretation of TB01 by Dr Clive Burrett.

CD Contents

CD containing the following files;

SEL1398_200206_01_report
SEL1398_200206_02_appendixA
SEL1398_200206_03_appendixB
SEL1398_200206_04_appendixC
SEL1398_200206_05_appendixD
SEL1398_200206_06_appendixE
SEL1398_200206_07_appendixF
SEL1398_200206_08_appendixG
SEL1398_200206_09_appendixH
SEL1398_200206_10_appendixI
SEL1398_200206_11_appendixJ
SEL1398_200206_12_appendixK