

APPENDIX G

**Update of the Assessment of Value
Special Exploration Licence SEL 13/98
Onshore Tasmania Basin**

Directors' Valuation of SEL 13/98

Update of the Assessment of Value, Special Exploration Licence SEL 13/98, Onshore Tasmania Basin.

Prepared 20 May 2002

The document "Assessment of Value, Special Exploration Licence SEL 13/98, Onshore Tasmania Basin" was originally prepared in 2000. The report has been critically reviewed by an independent geologist, Dr Larry L. Wakefield who concluded that in his professional opinion the approach and methodology provides 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.

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

The attached tables summarise the changes in inputs and outcomes for the three scenarios described in the original document.

Overall the values generated by this methodology are conservative as they are all based on a single discovery of either a small reservoir, 11 mmbbls, a medium reservoir, 30 mmbbls or a gas reservoir.

Considering the number and size of the structures that can be seen on the seismic results a possible scenario could involve both gas and oil discoveries. For a single discovery it would not be unreasonable to add the low oil case and the nominal gas case to give an expected monetary value of \$284,327,000 (US\$156,380,000) compared to the medium oil case of \$262,215,000 (US\$144,218,000).

In the opinion of the directors of Great Southland Minerals Limited:

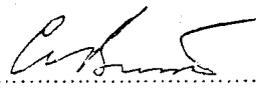
- (a) a reasonable valuation for the special exploration licence, SEL 13/98 may be obtained from the methodology outlined in the document "Assessment of Value, Special Exploration Licence SEL 13/98, Onshore Tasmania Basin" prepared in 2000.
- (b) the changes to the inputs to the valuation model described in the text above are reasonable. The changes include:
 - (i) increasing the probability of finding a structure from 25% to 80% for the low oil case and the nominal gas case and from 12.5% to 50% for the medium oil case;
 - (ii) updating the Australian dollar exchange rate, oil and gas prices; and
 - (iii) increasing the estimated cost of drilling a well from \$1,000,000 to \$3,500,00

- (c) expected monetary values are \$139,483,000 (US\$76,716,000) for the nominal gas case, \$144,844,000 (US\$79,664,000) for the low oil case and \$262,215,000 (\$144,218,000) for the medium oil case.

Dated at Hobart this 20 day of May 2002

Signed in accordance with a resolution of the directors:


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David A Tanner
Managing Director


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Dr Clive Burrett
Director

The low oil case, 11 mmbbls, 5 wells

Input	Original Value	Updated Value
Australian Dollar	0.6579US\$	0.55US\$
Structural Probability	0.25	0.80
Exploration Well Cost	\$1,000,000	\$3,500,000
Production Well Cost	\$1,000,000	\$3,500,000
Outcome		
Net Present Value (NPV) (AUD)	\$139,110,000	\$154,748,306
Expected Monetary Value (AUD)	\$34,957,000	\$144,844,000
Expected Monetary Value (USD)	US\$22,998,000	US\$79,664,000

Costs and exchange rate updated and structural probability increased from 25% to 80% due to the results of the seismic survey. Dr M. Swift identified at least ten structures.

The medium oil case, 30 mmbbls, 5 wells

Input	Original Value	Updated Value
Australian Dollar	0.6579US\$	0.55US\$
Structural Probability	0.125	0.50
Exploration Well Cost	\$1,000,000	\$3,500,000
Production Well Cost	\$1,000,000	\$3,500,000
Outcome		
Net Present Value (NPV) (AUD)	\$383,370,000	\$446,922,599
Expected Monetary Value (AUD)	\$49,717,000	\$262,215,000
Expected Monetary Value (USD)	US\$32,708,000	US\$144,218,000

Costs and exchange rate updated and structural probability increased from 12.5% to 50% due to the results of the seismic survey. The structure identified at Bellevue is of a size to easily accommodate a 30 mmbbl reservoir.

The nominal gas case, 185 bcf, 5 wells

Input	Original Value	Updated Value
Australian Dollar	0.6579US\$	0.55US\$
Gas Price	\$2.50 / kcf	\$3.20 / kcf
Structural Probability	0.25	0.80
Exploration Well Cost	\$1,000,000	\$3,500,000
Production Well Cost	\$1,000,000	\$3,500,000
Outcome		
Net Present Value (NPV) (AUD)	\$125,700,000	\$149,310,601
Expected Monetary Value (AUD)	\$30,620,000	\$139,483,000
Expected Monetary Value (USD)	US\$20,144,000	US\$76,716,000

Costs and exchange rate updated, gas price increased from \$2.50 per kcf to \$3.20 per kcf and structural probability increased from 25% to 80% due to the results of the seismic survey. Our best estimate of the landed gas price in Tasmania is \$2.40 plus \$0.80 Bass Strait pipeline charges.