

Department of Communications, Energy and Natural Resources
Roinn Cumarsáide, Fuinnimh agus Acmhainní Nádurtha

164 (5)

15/02/2011

Our Ref: B12/195

Dr. Robert Anthony Bazley
Tamboran Resources Pty Ltd
19 Inishanier,
Killinchy
Newtownards
Co. Down,
BT23 6SU
Northern Ireland.

**Re: Application from Tamboran Resources Pty Ltd
for an Onshore Licensing Option in the North Western Carboniferous Basin**

Dear Dr Bazley

I am directed by the Minister for Communications, Energy and Natural Resources to refer to your application received on 11 June 2010 concerning the above.

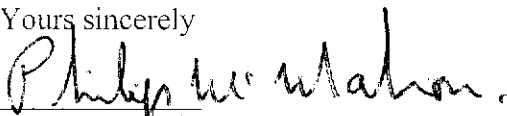
The Minister in exercise of the powers vested in him under Section 7 of the Petroleum and Other Minerals Development Act, 1960 has decided to reserve by way of Licensing Option (ON11/3) the area as set out in the Schedule to this letter (hereinafter referred to as "the Option area") for Tamboran Resources Pty ltd (hereinafter referred to as "the Company") from 1 March 2011 to 28 February 2013 subject to following conditions:-

1. The Company will, during the Option period, carry out a programme of work as specified in the attached Appendix I and prepare and present a report on the results of the work to Petroleum Affairs Division (PAD) of this Department by 30 November 2012 as outlined in Appendix II.
2. The Company shall be the holder of a Petroleum Prospecting Licence (PPL) during the full period of the Licensing Option
3. The Company Shall pay the annual rental fee applicable in respect of the Licensing Option area, an invoice in respect of first year's rental will issue on receipt of company's acceptance of this authorisation.
4. On or before 28 February 2013 the Company shall either relinquish this Licensing Option or shall have applied to have all or part of the area reserved by way of this Option exclusively licensed.

- 5. If the Company applies, on or before the expiry date of this Licensing Option to licence all or part of the area reserved by way of this Option, the Minister will be prepared to consider the granting of a follow-up authorisation (an Exploration Licence) to the Company covering an area to be agreed with the Minister having regard to the work programme proposed by the Company.
- 6. The Company will retain the services of suitably qualified consultants/contractors for the duration of this Licensing Option.
- 7. This Licensing Option is subject to the provisions set out herein and to the provisions as set out in the Licensing Terms for Offshore Oil and Gas Exploration and Development, 2007 (hereinafter referred to as "the Licensing Terms") with particular reference to Licensing Option authorisations and the General Provisions respectively. A copy of the said Licensing Terms, authenticated under the official seal of the Minister is attached herewith. The said Licensing Terms are incorporated in and form part of this licensing option.

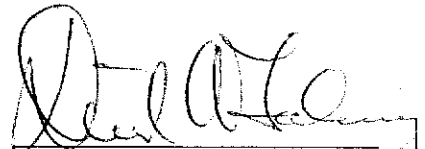
The Minister wishes me to draw to your attention at this time that in granting this Licensing Option he does not necessarily accept that the Company have the technical or financial resources for a follow-up authorisation and before such authorisation can be granted it will be necessary for the Company to demonstrate to the Minister's satisfaction that these are in place.

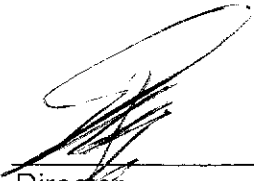
Please confirm the Company's acceptance of the above terms and conditions by executing a duplicate of this letter and returning it to me.

Yours sincerely

 Philip McMahon
 Higher Executive Officer
 Tel: 00353 1 6782693

IN ACCEPTANCE AND AGREEMENT HEREOF

The Seal of Tamboran Resources Pty Ltd)
 was affixed hereto on the 14th)
 day of March 2011)
 2010)
 in the presence of


 Director


 Director
 PATRICK JAMES JAMES GLENN

Appendix 1

Tamboran Resources Plc.

Work Programme for Onshore Licensing Option in the North West Carboniferous Basin

During the Option period, the Option holder will undertake the following programme:

1. Procure all available and relevant technical data, including well/borehole, seismic, gravity and magnetic data; and technical studies.
2. Evaluate existing data, re-interpreting and remapping where appropriate, to provide a reliable up-to-date assessments of previous exploration results, remaining exploration potential and any data/information gaps.
3. Carry out new geological/geophysical studies and data acquisition projects, as considered necessary, but specifically including those described below.
4. Devise and execute a shallow coring programme comprising boreholes not exceeding 200m in depth in basin margin settings to obtain suitable geological samples and establish potential resource limits; the exact number, location, depth and evaluation programme for such boreholes to be agreed in advance with the Department.
5. Reprocess several seismic lines in the area (subject to access to original field tapes in SEG-Y) with particular attention given to refining the resolution of the uppermost 1 second two-way travel time.
6. Undertake sampling and analysis of existing wells (core and cuttings) to confirm the play concept; specifically by determining organic carbon content, vitrinite reflectance, RockEval properties, absorbed gas capacity and porosity/permeability; and by modelling fracture analyses in order to determine preferred direction of horizontal drilling legs in a hypothetical development phase.
7. Delineate prospective areas and quantify their gas potential; identify potential drilling targets and optimal well design; prepare and submit generic well proposals.
8. Perform and submit scoping/feasibility studies for likely production scenarios, accompanied by thorough descriptions of appropriate analogues.
9. Conduct preliminary environmental baseline/ impact assessment studies and local consultations in preparation for any seismic surveying, drilling or pre-development activity to ensure that any issues of sensitivity or concerns of the relevant authorities [NPWS, DEHLG, EPA, County Councils etc.] have been taken account of in an appropriate manner.

10. Integrate the work above into a comprehensive assessment of the petroleum resource potential of the area together with strategies, scoping economics and costed plans for further exploration / exploitation, and submit to the Department in the form of a written report no later than three months prior to the expiry of the Option.

Appendix 11

Reporting Requirements for Licensing Option ON11/3 in the North West Carboniferous Basin

Before 30 November 2112 the Company will prepare and present the report detailed in item 10 of Appendix 1 to PAD. The report will provide details of the Company's technical assessment of the Option area, including: -

- full documentation of any technical studies or analyses performed or commissioned pertinent to the Option area, and
- a complete listing of the database used (well data, seismic data, reports/studies purchased or traded) with specific details of all physical and geological data acquired during the period of the Option.