CUADRILLA RESOURCES LIMITED



APPENDIX - A

UK ONSHORE PETROLEUM LICENSING SYSTEM

Cuadrilla Resources Limited January 2010

UK ONSHORE PETROLEUM LICENSING SYSTEM

Petroleum Licensing Procedure and Policy

Petroleum rights in the United Kingdom were nationalised by the Petroleum Production Act of 1934 and as amended by the Oil & Gas (Enterprise) Act 1982. Presently such rights are in the custody of the Department of Energy and Climate Change (DECC) which governs their licensing out to the public in the form of fixed term licences.

A new system of licensing was introduced on the 30th June, 1995, involving the Petroleum Exploration and Development Licence (PEDL) which covers all aspects of petroleum industry activities from exploration to production, as is described briefly below.

The New PEDL System

It involves a comprehensive licence allowing all forms of petroleum industry activity previously governed by the three different Licence formats of Exploration Licence (EXL), Appraisal Licence (AL) and Development Licence (DL). An initial six year period carries a work obligation and requires a mandatory 50% acreage surrender at the end of that period or at any earlier time.

Thereafter follows a six year period carrying a renewed work obligation, and that period can in turn be followed by a further twenty year Licence period.

Activities under all Licence formats are subject to planning consent, and the approval where appropriate, of the Health and Safety Executive, including both the Mines and Quarries and the Factories Inspectorate sections, the Environment Agency, English Nature, and H M Inspectorate of Pipelines.



CUADRILLA RESOURCES LIMITED LOWER STUMBLE EXPLORATION SITE

LICENCE ACREAGE

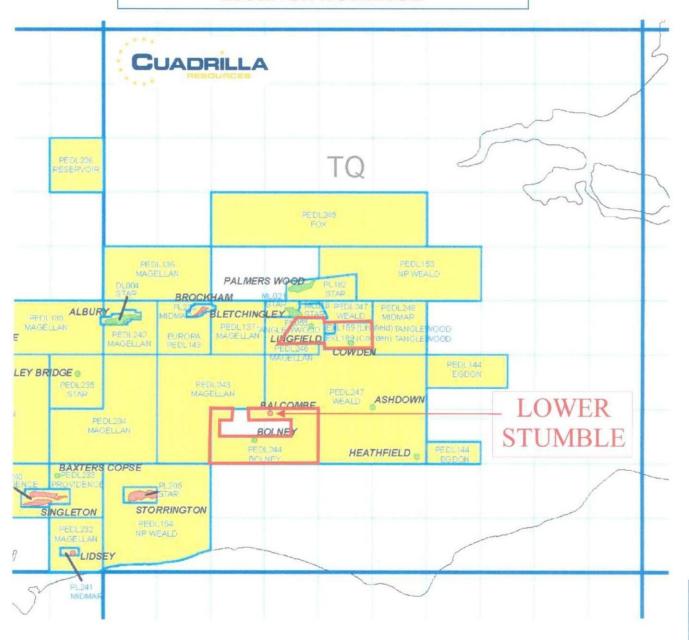


FIGURE 04

19.01. 2010