

ASX Announcement: 28 July 2011

CEO on Reserves Upgrade

Open Briefing interview with CEO Julie Beeby



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WestSide Corporation Limited (ASX Code: WCL) is focused on coal seam gas exploration and production in Queensland with assets including a 51% operating stake in the producing Meridian SeamGas field in the Bowen Basin.

Market Capitalisation: \$78 million

In this Open Briefing[®], WestSide CEO Julie Beeby discusses:

- Meridian SeamGas joint venture 2P reserves increase 93 percent
- Synergies from restructured operatorship in Bowen Basin tenements
- Farm-in agreements with Mitsui benefit pace of gas commercialisation

Record of interview:

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WestSide Corporation Limited has announced a reserve upgrade increasing the Meridian SeamGas joint venture's gross 2P reserves by 209 Petajoules (PJ). What is the significance of this upgrade in terms of value to WestSide?

CEO Julie Beeby

This upgrade represents a 93 percent increase on the Meridian SeamGas joint venture's proved and probable (2P) reserves to 433 PJ from the updated evaluation of acquisition reserves announced in April 2011. As a result, WestSide's net 2P reserves, as 51 percent owner, have increased by 106 PJ to 221 PJ. WestSide engaged Netherland, Sewell & Associates Inc. (NSAI) for both the April and July reserves evaluations.

The gross 209 PJ increase exceeds WestSide's stated goal, on commencing the reserves expansion drilling program in November 2010, to increase gross 2P reserves by up to 200 PJ and represents a substantial uplift in commercial value.

The 2P reserves expansion has been delivered by WestSide at a cost of less than 10 cents a Gigajoule (GJ), which compares very favourably to a recently announced corporate transaction within Australia's energy sector valuing 2P coal seam gas reserves at more than 80 cents a GJ. Importantly, the additional 2P reserves more than double Meridian SeamGas's gross uncontracted 2P reserves from 167 PJ to 376 PJ. The joint venture's gross proved, probable and possible (3P) reserves also increased by 18.6 percent to 513 PJ, providing WestSide with net 3P reserves of 261.5 PJ from the Meridian operations.

This reserves upgrade significantly enhances the joint venture's ability to underpin additional long term gas domestic supply agreements and participate in Queensland's emerging Liquefied Natural Gas (LNG) export industry being developed at nearby Gladstone. WestSide achieved this milestone both on time and on budget, despite the intervention of one of the worst wet seasons on record in the Moura region.

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Mitsui E&P Australia (Mitsui) recently executed two farm-in agreements with WestSide to acquire a 49% interest in WestSide's 50% holding in tenements ATP 688P and ATP 769P in the Bowen Basin (WCL: 25.5%, Mitsui: 24.5%, QGC: 50%) and a 49% stake in tenements ATP 974 P and ATP 978 in the Galilee Basin (WCL: 51%, Mitsui: 49%). Mitsui will pay WestSide approximately \$13.1 million for these transactions. What is the impact of these farm-ins on the value of your asset portfolio?

CEO Julie Beeby

The farm-in agreements significantly strengthen WestSide's joint venture relationship with Mitsui and credentials as an effective and low-cost operator, and validate the Meridian SeamGas joint venture's LNG strategy. They also provide a welcome injection of capital. The Bowen Basin farm-in arrangement delivers a valuable opportunity for WestSide to work with both QGC, one of the leading export LNG project proponents in Gladstone, and Mitsui within a three-way joint venture.

The most significant impact of the farm-in agreements on the Company's reserves position will be in the two Bowen Basin tenements. WestSide's net 3P reserves to a depth of 1000m in ATP 769 will reduce from 135 PJ to 69 PJ. Similarly the Company's net 3P reserves position in ATP 688P will reduce from 76 PJ to 39 PJ. In the Galilee Basin tenements ATP 974P and 978P, which contain an estimated 21 trillion cubic feet of gas in place, WestSide's interest will almost halve to 10.7 trillion cubic feet.

Expansion of the joint ventures to include Mitsui comes in the early stages of exploration. Much of the Bowen Basin tenements have yet to be explored while in the Galilee Basin tenements the first wells will be drilled in the current December half year. The joint venture will potentially accelerate the pace of exploration allowing earlier Petroleum Lease applications and earlier commercialisation of the coal seam gas reserves.

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Under a separate agreement with QGC, WestSide has recently increased the area of ATP 769P under its operatorship and moved to sole operatorship of ATP 688P. In exchange WestSide has relinquished its 50 percent stake in the Central Area within ATP 769P to QGC, who will become the sole owner. What was the rationale for this deal and how will it impact shareholder value?

CEO Julie Beeby

The restructure and resulting increased operating responsibility offers WestSide a number of significant benefits. It allows WestSide to further develop a strong team of coal seam gas geologists and engineers with experience across two coal basins. The increased operatorship will also allow WestSide to take advantage of operating synergies between the tenements, including between ATP 769P and the adjacent producing Meridian SeamGas operations and will reduce exploration costs for all the joint venture partners.

Under the restructure QGC will become the sole owner of the Central Area within ATP 769P. WestSide had already decided not to participate in further exploration of this area, due to the greater depth of the coal seams located in this part of the tenement.

Significantly, QGC has also committed to solely fund a regional seismic program throughout ATP 769P and will provide Westside with access to approximately 240 km of this seismic data related to the joint operating area.

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How will the changes to operatorship of ATP 688P and ATP 769P impact the planned work program for these tenements and capital required from WestSide?

CEO Julie Beeby

The restructure provides WestSide with more control over the exploration activities planned for these tenements. The expansion of the ATP 688P and ATP 769P joint ventures to include Mitsui will allow WestSide to undertake a larger exploration program for the same capital input from WestSide. This will potentially lead to a more rapid certification of reserves, application for Petroleum Leases and commercialisation of the coal seam gas than may have otherwise occurred.

The operatorship restructure will also promote synergies between WestSide's exploration programs. WestSide is developing key technical expertise at Meridian SeamGas and the restructure provides the opportunity for wider trials of these key technologies to optimise the development of pilots in WestSide's other tenements.

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The producing Meridian SeamGas gasfield (WCL: 51%, Mitsui: 49%) lies adjacent to the Paranui gasfield in ATP 796P. What do the recent changes to operatorship and farm-in agreement by Mitsui to ATP 769P mean for the development of both these gasfields?

CEO Julie Beeby

The increased area of operatorship of ATP 769P by WestSide and the farm-in to this tenement by Mitsui provides greater scope to create synergies between the exploration, pilot technique development and production capability of ATP 769P and the Meridian SeamGas operation. Work programs have yet to be negotiated and agreed between the joint venture parties, but the potential to commercialise gas from the Paranui field utilising the existing Meridian SeamGas infrastructure and pathway to market could significantly accelerate and reduce the cost of commercialisation of the Paranui field.

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You have targeted production of 25 terajoules (TJ) of gas per day by the end of calendar 2012. Can you outline your work program and timetable to achieve increased production over the next 18 months?

CEO Julie Beeby

A program of continued production well drilling is in the planning stages to progress WestSide's goal to achieve production of 25 TJ of gas per day by the end of calendar 2012.

The new lateral well-sets have commenced delivering gas. A program of careful pumping is being employed to ensure the integrity of the wells is maintained, which will offer long term production benefits. The time being taken to bring the new lateral well-sets into production appears comparable to that reported by the previous operator.

During the first quarter of calendar year 2011 the protracted wet weather curtailed production due to the difficulty in finalising work-over and production well drilling and completion programs. During that quarter WestSide produced an average of 7.6 TJ of gas per day from the Meridian SeamGas field. However, production started to recover in the June quarter 2011 in response to an aggressive effort to make up for lost time.

Preparations to improve drilling conditions and reduce costs in the case of another significant wet season are already in place. To be a long term supplier of coal seam gas to the domestic and export gas market, WestSide must be able to operate efficiently 365 days a year. WestSide is committed to providing our gas customers with the reliability and quality of supply they expect and deserve.

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At March 2011 WestSide had \$28.9 million in cash, not including the \$13.1 million to be paid by Mitsui for the recent farm-ins. What is your strategy for prioritising the allocation of resources between exploration, increasing gas production at Meridian SeamGas, and increasing 2P reserves?

CEO Julie Beeby

WestSide is a low cost operator and explorer, maintaining tight controls on its spending within an approved budget to achieve optimal value from all expenditure. The Company also appreciates the need to prioritise the allocation of resources between its various activities in line with its long term goals.

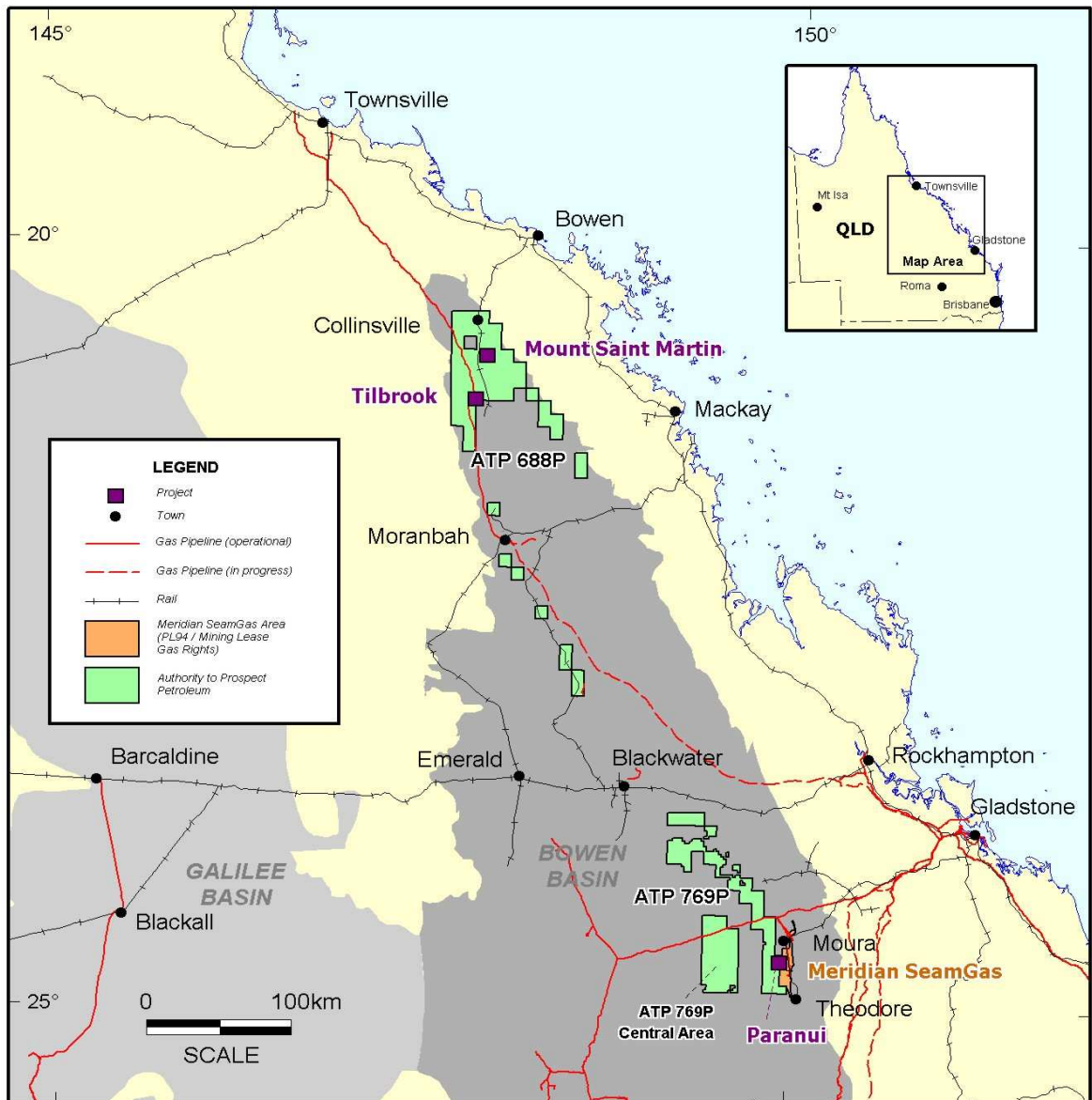
Development of additional reserves at Meridian SeamGas, as a brownfield site, comes at a lower cost than in greenfield areas and offers the most immediate commercialisation route. Continuing reserves and production expansion at Meridian SeamGas will remain a high priority for WestSide to enable early capture of new long term gas sales contracts.

The development of a pipeline of projects is also important for WestSide. To this end, exploration will continue in all tenements, based initially in the Bowen Basin and then the Galilee Basin. Further pilot developments are planned in ATP 769P and ATP 688P to provide the basis for Petroleum Lease applications and commercialisation of the gas.

While development of the Galilee Basin coal seam gas resources may be some years out, WestSide is eager to participate in the early exploration and gain a foothold in this new frontier. WestSide will commence grassroots exploration in the Galilee Basin tenements ATP 974P and ATP 978P on behalf of the joint venture during the current quarter at a cost of approximately \$4 million. Following this initial exploration, a broader strategy will be formulated for exploration of the two tenements, which cover a total area of more than 14,500 square kilometres.

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Thank you Julie



For more information about WestSide Corporation Limited, visit <http://www.westsidecorporation.com> or call Richard Owen on +61 7 3020 0900.

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