

# QUARTERLY REPORT

QUARTER ENDING 31 MARCH 2012



## HIGHLIGHTS

- Increased net certified reserves across all categories, with 2P reserves up 17% to 258PJ and 3P reserves up 96% to 725 PJ
- Received an Indicative Proposal to take over the company for consideration of 65 cents a share
- March quarter production up 22.1% on same period last year and 10.8% on previous quarter
- Delivered 434.1 TJ of gas for gross revenue of \$1.37m – up 7.9% on previous quarter
- Pretty Plains 10 achieved production highs in excess of 1,000,000 scf/day
- Undertook successful \$25.4m capital raising to fund production and exploration programs

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Front cover picture: Monitoring gas production at Meridian’s Moura Central compressor station.



## OPERATING HIGHLIGHTS

- Increased net certified reserves across all categories with Proved, Probable and Possible (3P) reserves up 96% to 725PJ, Proved and Probable (2P) reserves up by 17% to 258PJ and Proved (1P) reserves up 86% to 6.5PJ
- Received indicative, conditional, non-binding takeover proposal from LNG Limited to acquire all of the shares in WestSide for cash consideration of \$0.65 per share
- March quarter production, excluding fuel gas, up 22.1% on the same period last year and 10.8% on the previous December quarter
- Sales volumes up 9.3% on the previous December quarter with revenue to WestSide up 7.9% at \$1.37 million
- New Pretty Plains 10 dual-lateral well achieves a production rate of 1,000,000 scf/d
- Subsequent to the end of the quarter:
  - Signed agreement with the owners of the adjacent coal mine to optimise management of five Meridian well-sets within a co-development area of the mining lease
  - Completed \$25.4 million capital raising to fund production and exploration work programs



## OVERVIEW AND OUTLOOK

WestSide and Meridian SeamGas joint venture partner Mitsui E&P Australia Pty Ltd (Mitsui) maintained their focus during the quarter on increasing production through the progressive commissioning of the field's 10 new wells and work overs of existing wells.

During the quarter the last of Meridian's seven new dual-lateral wells and three new up-dip laterals were placed on pump with Pretty Plains 10 steadily flowing gas at a choked rate of more than 1,000,000 scf/d since mid-March.

Only four of the new wells have been producing significant volumes to date, so production is expected to continue building as all these wells ramp up over coming months. WestSide's enhanced technology wells, which are in the early stages of trialling new equipment, have also shown very encouraging signs for production.

Meridian SeamGas' gross March quarter production after excluding fuel gas was up 10.8% on the December quarter at 799,993 Gigajoules (407,996 GJ net to WestSide) and 22.1% cent on the same period last year. Gross sales revenue to WestSide of \$1.37 million was up 7.9% on the previous quarter.

WestSide also worked closely with MHA Petroleum Consultants LLC during the quarter to deliver a significant increase in the Company's net certified reserves across all categories. As a result Proved, Probable and Possible (3P) reserves were up 96% to 725PJ, Proved and Probable (2P) reserves by 17% to 258PJ, and Proved (1P) reserves 86% to 6.5PJ.

Subsequent to the end of the quarter, WestSide successfully completed a \$25.4 million capital raising via a fully underwritten 2-for-5 pro-rata non-renounceable entitlement offer.

Consequently, WestSide is now in a financially strong position to fund its planned future production and exploration work programs, irrespective of the outcome of the indicative takeover proposal received in late January 2012 from Liquefied Natural Gas Limited.

The Board has granted LNG Limited non-exclusive access and advised that other interested parties may also be granted due diligence access. WestSide is working cooperatively with LNG Limited to assist their due diligence. No set timeframe has been established for the process and there is no guarantee that a binding takeover offer will subsequently be made. WestSide will keep shareholders informed of any material developments.

Throughout the due diligence process WestSide Management has remained focused on developing shareholder value and the planned exploration and development programs will continue as scheduled.

Exploration and development activity within the Company's Bowen Basin tenement interests will ramp up over the coming months while site studies in preparation for a future program for the Galilee Basin tenements are continuing.

The Company had \$13.3 million in cash at 31 March 2012 and this was augmented by net proceeds from the \$25.4 million from the rights issue in April.



## OPERATIONS REVIEW

### Meridian SeamGas CSG fields

*(WestSide interest 51% - Mitsui 49%)*

Reserves: 6.5 PJ (1P); 258 PJ (2P); 617 PJ (3P) net to WestSide<sup>(1)</sup>

The Meridian SeamGas fields comprise a range of CSG assets including a petroleum lease (PL94), gas rights in mining leases, some 70 producing wells and gas compression and pipeline infrastructure connected to Queensland's commercial gas network and Gladstone, just 160 km to the east.

Sales to customers were not interrupted during the quarter and reliability of supply and producing equipment has remained high.

During the quarter state-of-the-art production skids were installed on the new up-dip and dual-lateral wells and they have been performing to specification and design criteria. These versatile, environmentally friendly units which reduce emissions, are fully automated and being remotely controlled from the Company's Brisbane head office as necessary.

WestSide has also commenced implementation of an advanced OFM (Oil/Gas Field Manager) system to help optimise overall field production, compression and diagnostics. This state-of-the-art software solution will provide WestSide with advanced production surveillance and forecasting tools to manage and improve gas field performance.

WestSide's enhanced completion technology wells, which are in the early stages of trialling new equipment, have also shown very encouraging signs for production. The results will be analysed at the end of the trial to determine whether to extend the trial to more wells in the Meridian field and trial the pumping system on a wider range of wells.

Work overs of existing wells are continuing to return wells into production and upgrade equipment. The new completion technology has also enabled WestSide to identify wells, previously considered to be uneconomic, for re-stimulation back into production.

The drilling campaign was suspended for the wet season and plans are underway to resume drilling production wells in the second quarter using the Schramm rig.

New lateral wells will be drilled utilising the new completion equipment to accelerate the commissioning times for the wells and mitigate fines issues.

Work continues to meet the new environmental conditions for coal seam gas operators, including planning for beneficial use of the produced water and a shift away from evaporation ponds.

Subsequent to the end of the quarter the Meridian SeamGas joint venture and the owners of the adjacent Dawson coal mine (the Coal Party) signed an agreement to optimise management of five well-sets located within a co-development area of the mining lease.



## PRODUCTION REVIEW

### Meridian SeamGas CSG fields

(WestSide interest 51%)

Pretty Plains 10 – one of the seven new dual-lateral wells now on pump – has achieved a steady production rate of more than 1 million standard cubic feet a day since mid-March while remaining under choke control. New wells have continued to ramp up and currently account for approximately 25% of total production.

During the quarter 37 well work overs were successfully completed to increase base production levels and improve the equipment performance. Individual wells have responded positively and average production continued to trend up in response as expected.

While production from a number of the work over wells is recovering toward historical levels, some are still showing minimum production due to the significant water column being pumped off, so the full benefit of these work overs has yet to be realised.

Gross production (excluding fuel gas) from the Meridian SeamGas CSG fields was up 10.8% on the December quarter at 799,993 Gigajoules (407,996 GJ net to WestSide), and 22.1% on the previous corresponding March quarter. Production during the March quarter averaged 8.8 Terajoules a day (TJ/d) after excluding fuel gas of approximately 1.5 TJ/d. Gross sales volumes of 851,217 GJ or 9.4 TJ/d (434,121 TJ/d net to WestSide) were up 9.3% on December quarter and 9.4% on the previous corresponding March quarter.

Available third party gas sourced from the nearby Mungi field for resale totalled 51,224 GJ during the March quarter – down 9% from 56,224 GJ in the December quarter or down 79% from 243,031 GJ in the previous corresponding March quarter.

Quarterly Data		31 Dec 2011	31 Mar 2012	% change	31 Mar 2011	% change
<b>Gross Operated</b>						
Production	GJ	722,105	799,993	10.8	655,360	22.1
Gas Sales	GJ	778,524	851,217	9.3	777,766	9.4
<b>Net to WestSide (51%)</b>						
Production	GJ	368,274	407,996	10.8	334,234	22.1
Gas Sales	GJ	397,047	434,121	9.3	396,661	9.4

**Table 1: Quarterly Gas Production & Sales Data** (production excludes fuel gas)

Gross sales revenue to WestSide of \$1.37 million (including processing revenue) was up 7.9% from \$1.27 million in the December quarter and 11.4% from \$1.23 million in the previous corresponding March quarter.

As Chart 1 shows WestSide's average net daily sales volumes continued to climb as the increasing contribution from new production wells more than offset a further decline in availability of third party gas.



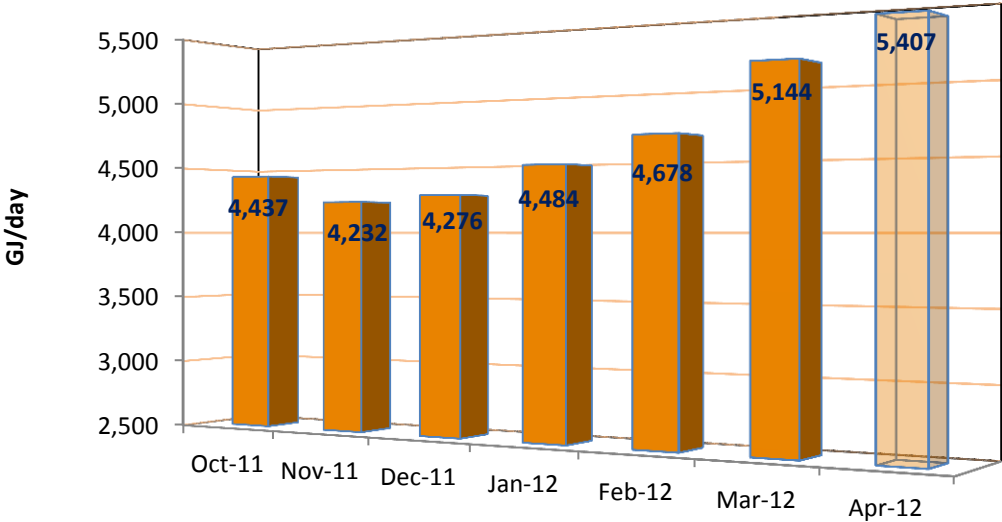
The upward production trend continued during April and the Meridian gas field achieved an average rate of 12.2 TJ/d during the first week of the month before excluding fuel gas.

Average daily sales have continued to increase during April and WestSide expects this upward trend to continue as production from new wells keeps rising.

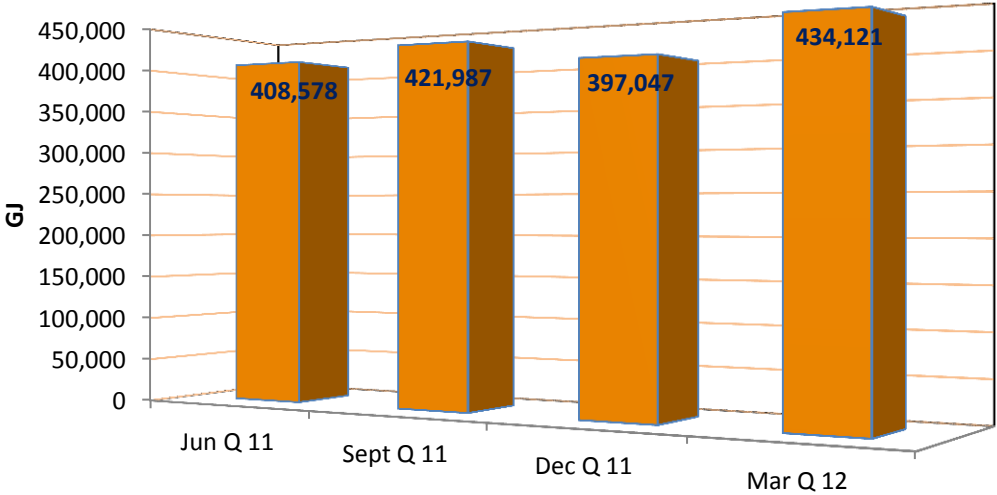
Chart 2 shows quarterly sales have regained their upward trend established since the rain-affected March quarter of 2011 despite a continued decline in available third party gas for resale.

Chart 3 shows the increasing contribution from new wells (in red) to production and the success of the well work over programs in arresting field decline and recovering production.

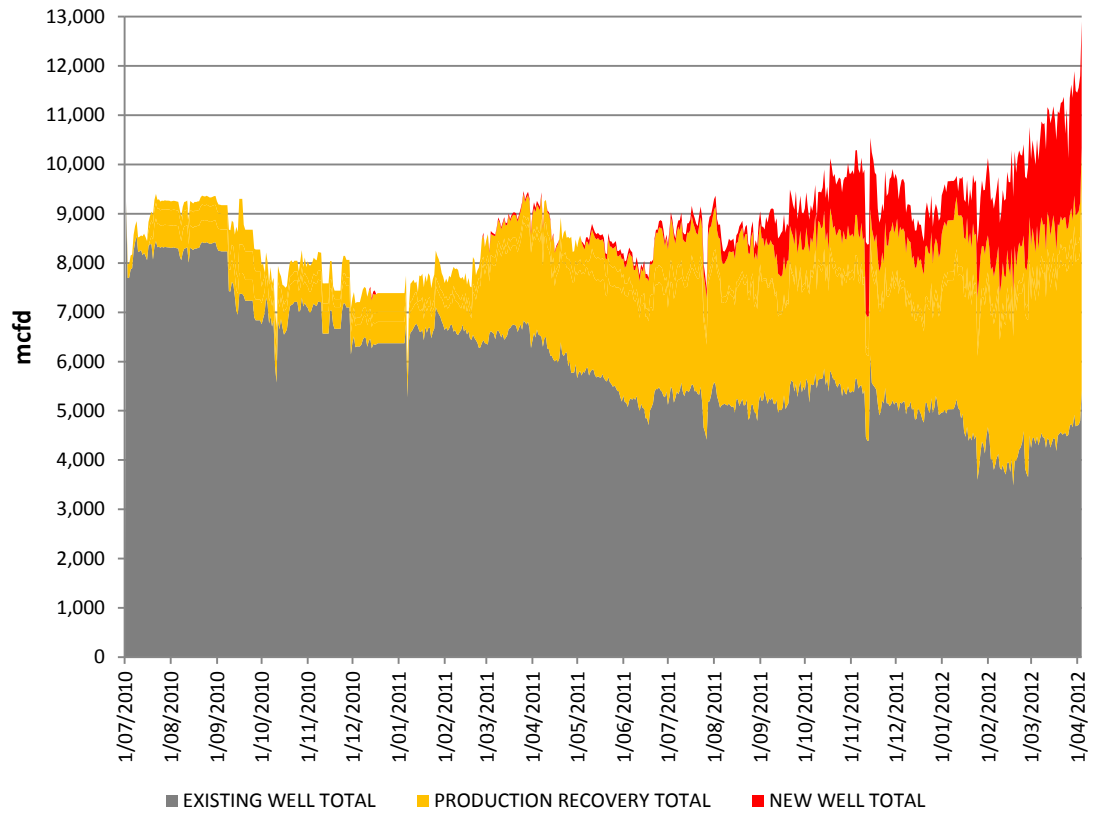
**Chart 1: Average Daily Gas Sales (GJ) Net to WestSide**



**Chart 2: Quarterly Gas Sales (GJ) Net to WestSide**



**Chart 3: Meridian SeamGas Field Progress**





## EXPLORATION REVIEW

### BOWEN BASIN

#### Meridian SeamGas CSG Fields

(WestSide interest 51%)

There was no further exploration drilling undertaken during this quarter due to the wet season and WestSide's plan to concentrate on reservoir modelling and production to demonstrate improved recoverability.

An analysis of results from completed work programs, however, led to a significant increase in reserves certified by MHA Petroleum Consultants.

Proved, Probable and Possible (3P) reserves increased 136% to 617PJ after taking into account coal seams to a depth of 1,350 metres. Proved and Probable (2P) reserves rose 17% to 258PJ after including additional coal seams between 200 metres and 800 metres while Proved (1P) reserves increased 86% to 6.5PJ.

This upgrade, which increased WestSide's total 3P reserves by 96% to 725PJ, was achieved at very low cost and highlights the significant potential for certification of additional 2P reserves at Meridian.

WestSide has installed new reservoir modelling software and construction of a field reservoir model has been progressing well. The model will be utilised to evaluate the field potential and target "sweet spots" for ongoing field development. The field development plan will focus on the potential of all the Baralaba coal seams within PL94 to a depth of 1,350 metres.

**Table 2: WestSide Corporation Net Reserves Position as at 31 December 2011**

Project	Reserves (PJ)			Resource (PJ)	
	WestSide Net Share %	1P	2P	3P	GIP <sup>(1)</sup>
Meridian <sup>(2)</sup>	51.0	6.5	258	617	-
Meridian (to 1,500m)					1,552
ATP 769P (to 1,000m)	25.5			69	1,420
ATP 688P (to 1,000m)	25.5			39	1,215
Galilee (ATP 974P + ATP 978P)	51.0				10,700
<b>TOTAL</b>		<b>6.5</b>	<b>258</b>	<b>725</b>	<b>14,887</b>

(1: Internal estimate of GIP

(2) Meridian 2P reserves to 800m and 3P reserves to 1,350m



## **ATP 769P**

*(WestSide interest 25.5% - Mitsui E&P Australia 24.5% - QGC 50%)*

Reserves: 69 PJ (3P) net to WestSide<sup>(1)</sup>

### ***Paranui Project***

During the quarter the exploration team extended the structural geology model from Meridian SeamGas and the Paranui project area into the broader tenement acreage and complemented it with available well and seismic data.

Installation of enhanced completion technology on the Paranui pilot wells is planned for the second quarter following a trial at Meridian.

### ***Regional Exploration***

Planning for a four-well exploration program in 2012 continued during the quarter involving an initial review of suitable well locations. A schedule for site inspections, landholder notifications, Cultural Heritage assessments and environmental approvals has also been prepared.

The purpose of the program across the northern areas of the tenement will be to target reserves additions along strike from the Paranui project and down-dip of the recently recertified Meridian field. The joint venture is proposing to conduct a seismic program within the tenement to identify new exploration targets.

### ***Mount Saint Martin and Tilbrook (ATP 688P)***

*(WestSide interest 25.5% - Mitsui E&P Australia 24.5% - QGC 50%)*

Reserves: 39 PJ (3P) net to WestSide<sup>(1)</sup>

Production testing at the Mount Saint Martin three-well pilot project was suspended during the wet season. A lateral well test is being planned to demonstrate production and move toward an initial reserve certification to add to the Tilbrook reserves already certified in the tenement.

## **GALILEE BASIN**

### ***ATP 974P***

*(WestSide interest 51% - Mitsui 49%)*

Limited field-based exploration activities were undertaken during the March quarter due to the onset of the wet season. Cultural Heritage assessments were completed on four of proposed future well locations and two new camp sites in readiness for future drilling activity. All other work was put on hold due to the ongoing wet season.



## **ATP 978P**

*(WestSide interest 51% - Mitsui 49%)*

Preparation work has continued to identify prospective drilling sites, gain landholder approval, and complete limited Cultural Heritage approvals. Environmental assessments remain outstanding.

WestSide believes the combined tenement area could contain up to 21 trillion cubic feet of gas in place. The joint venture assessed various options for the optimal funding of the work program but has not found a suitable partner to participate in the next drilling campaign at this time.

## **CORPORATE**

### **Capital issue**

During the quarter WestSide undertook a fully underwritten 2-for-5 pro-rata non-renounceable entitlement offer to raise \$25.5 million. The offer was oversubscribed and successfully completed subsequent to the end of the quarter, resulting in the allotment of 101,676,540 new shares on 17 April 2012.

### **Financial Position**

WestSide's cash position at 31 March 2012 was \$13.3 million prior to the successful completion of the Company's recent entitlement offer.

### **Sales Revenue**

WestSide's share of sales revenue for the March quarter was \$1.37 million, including processing revenues – up 7.9% on the \$1.27 million reported for the previous quarter and 11.4% on the \$1.23 million reported for the same period last year.

### **Exploration and Development**

WestSide's share of expenditure on development activities for the period was \$2.26 million and a further \$0.86 million (WestSide's share) was spent on exploration.

### **Shareholder Base**

At 31 March 2012 WestSide Corporation had 2,180 shareholders and 254,191,350 shares on issue prior to the recent entitlement offer, which resulted in the issue of a further 101,676,540 shares on 17 April 2012, taking the total shares on issue to 355,867,890.



## SUSTAINABILITY

During the quarter WestSide's Transitional Environmental Plan (TEP) under s333 of the Environmental Protection Act, was approved and initiated - formally commencing transitional arrangements to bring dam construction standards for Petroleum Lease PL94 into compliance with new policy standards.

WestSide also developed an Underground Water Impact Report (UWIR) for its CSG operations within PL94 pursuant to the requirements of Chapter 3 (Sections 381 and 382) of the Queensland Water Act 2000.

The UWIR is a routine requirement under state legislation and is due to be submitted to the Department of Environment and Resource Management (DERM) on 29th June 2012. The UWIR was released for public viewing and comment subsequent to the end of the quarter on 24 April 2012.

There were no lost time injuries, medical treatment injuries or high hazard events during the December quarter, nor were there any environmental incidents.

### **2012 Excellence in Oil and Gas Conference - Sydney**

As part of a strategy to lift WestSide's investor profile, the Company participated as an exhibitor at the Excellence in Oil and Gas Conference which was held in Sydney in late March.

CEO Dr Julie Beeby also presented at this conference which was well attended and the Company received positive feedback from shareholders who attended and delegates who visited the exhibition booth.



*WestSide CEO Dr Julie Beeby (second from right) chats with delegates at the Excellence in Oil and Gas Conference.*



# OPERATIONS AND PROJECT AREAS

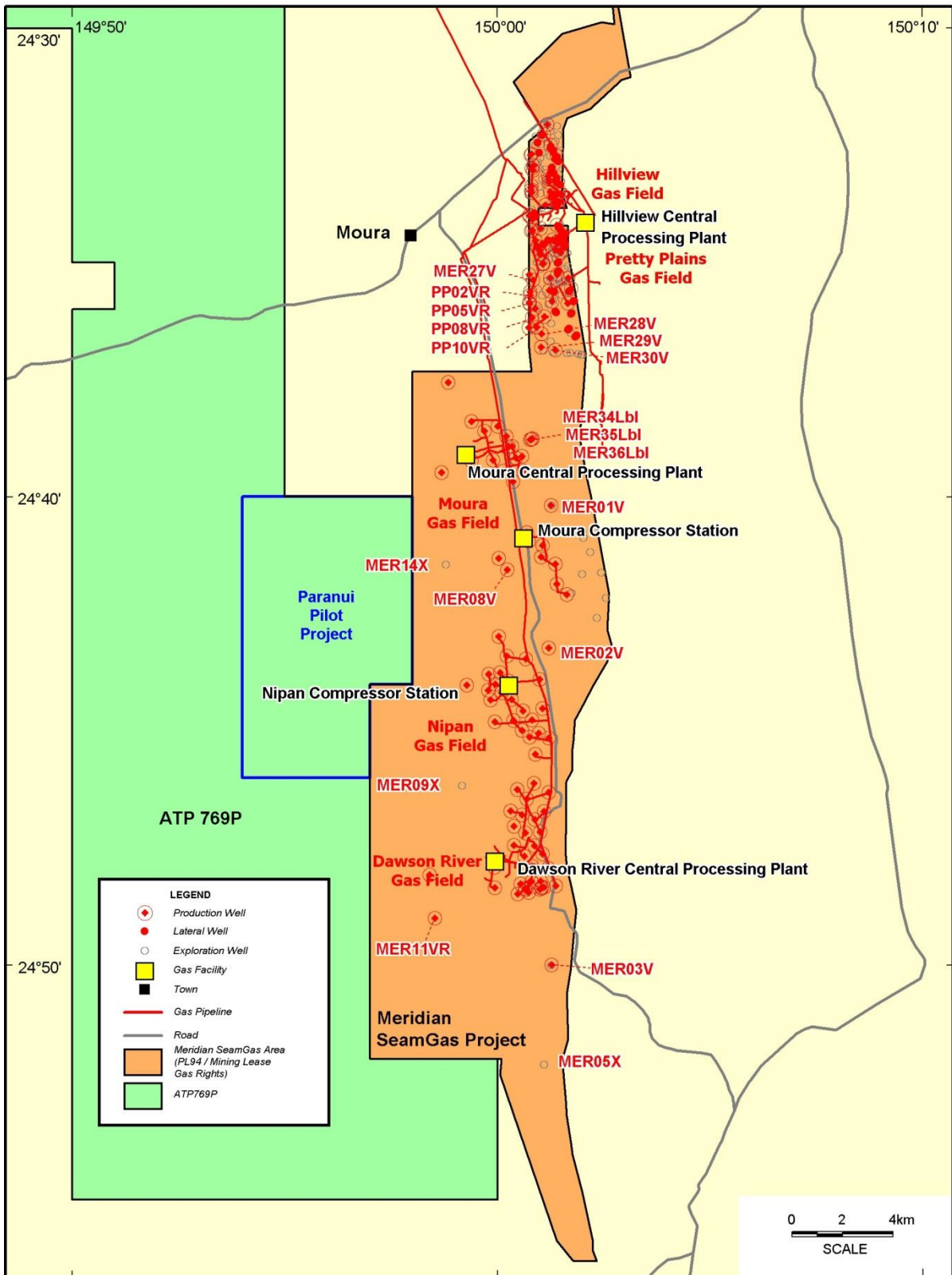
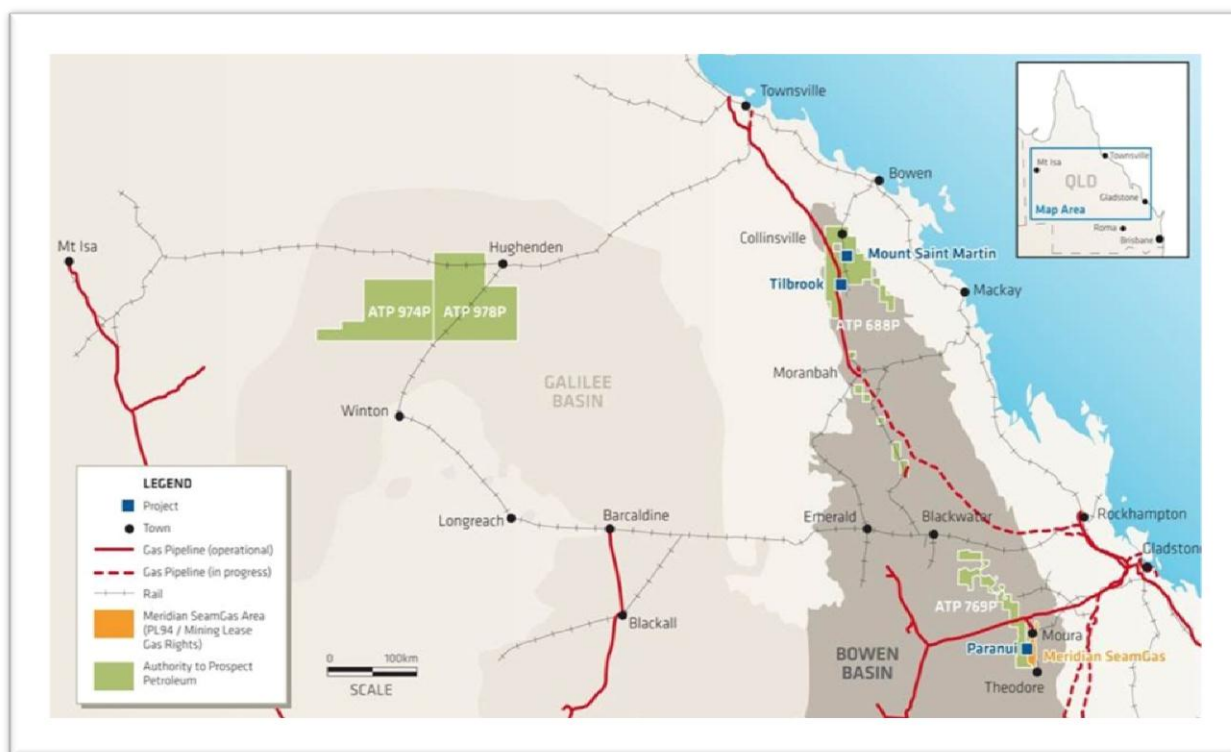


Figure 1: Meridian SeamGas: Area of Operations



**Figure 2: WestSide Corporation Queensland Tenement Interests**

### About WestSide Corporation Ltd

WestSide Corporation Limited is an ASX-listed company (ASX code: WCL) with interests in coal seam gas (CSG) projects in Queensland. WestSide operates the Meridian SeamGas CSG fields west of Gladstone in Queensland’s Bowen Basin.

The Meridian gas fields comprise a range of CSG assets including a petroleum lease, gas rights in mining leases and gas compression and pipeline infrastructure connected to Queensland’s commercial gas network. WestSide holds a 51% interest in the fields with Mitsui E&P Australia Pty Ltd holding the remaining 49%.

Elsewhere in the Bowen Basin, WestSide is currently operating an exploration and appraisal program at the ATP 769P (Paranui) and ATP 688P (Tilbrook and Mount Saint Martin) sites. WestSide holds a 25.5% interest in each tenement with Mitsui E&P Australia Pty Ltd holding 24.5 % in each tenement and QGC the remaining 50% in each case.

WestSide also has 51% operating interests in two Galilee Basin (Queensland) tenements (ATP 974P and ATP 978P) covering an area of over 13,280 sq kms, with Mitsui E&P Australia Pty Ltd holding the remaining 49% in each tenement.

(1) The updated reserves figures for WestSide’s 51% interest in the Meridian SeamGas Project as at 31 December 2011 referred to in this report and the certified reserves figures for ATP 688P and ATP 769P are based on information compiled by John P. Seidle, Ph.D., P.E., and Vice President of MHA Petroleum Consultants LLC. Mr Seidle is not an employee of WestSide Corporation Ltd and consents to the inclusion in this report of these reserves figures in the form and context in which they appear.



## CORPORATE DIRECTORY

### **Chief Executive Officer**

Dr Julie Beeby

### **Directors**

Angus Karoll – Executive Chairman  
John Clarke – Non-executive Director  
Tony Gall – Non-executive Director  
Trent Karoll – Non-executive Director  
Nathan Mitchell – Non-executive Director  
Robert Neale – Non-executive Director

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### **Company Secretary and Chief Financial Officer**

Damian Galvin

### **Australian Securities Exchange Listing**

Australian Securities Exchange Ltd

ASX Code: WCL Ordinary Shares

### **WestSide Corporation Limited**

ABN 74 117 145 516

ACN 117 145 516

### **Registered Office**

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