

# GENERATING MOMENTUM

RBS Morgans 2012 Annual Queensland Conference  
10 October 2012



# WestSide – Mission Statement



**Mission** WestSide identifies, commercialises and maximises the value of existing and new gas reserves to provide innovative energy outcomes in a sustainable manner for the benefit of all stakeholders.

**Vision** WestSide aims to be an Australian energy sector leader highly valued for its people, partnerships, innovation and performance

**Values** Integrity | Reliability | Sustainability | Innovation | Collaboration



# WestSide at a Glance



## ASX-listed CSG Producer and Explorer

- Queensland CSG production & exploration
- Experienced Board and Management
- Market Cap \$124.5m @ at 35cps – 355.9m shares on issue
- Certified 1P, 2P and 3P reserves
- Rising revenues from 51% interest in Meridian SeamGas
- Growth track record
- \$34 million in cash at 30 June 2012

## Strong Strategic JV Alliances

- Mitsui E&P Australia
- QGC – a BG Group Company

## Strong Diverse Portfolio of E&P

- **Production** – Meridian SeamGas PL94 & ML co-development area
- **Exploration** - Bowen Basin ATP 688P & ATP 769P
- **Exploration** - Galilee Basin ATP 974P & ATP 978P

## Share Register

- Top 20 shareholders hold 64% of register
- Cornerstone investors:

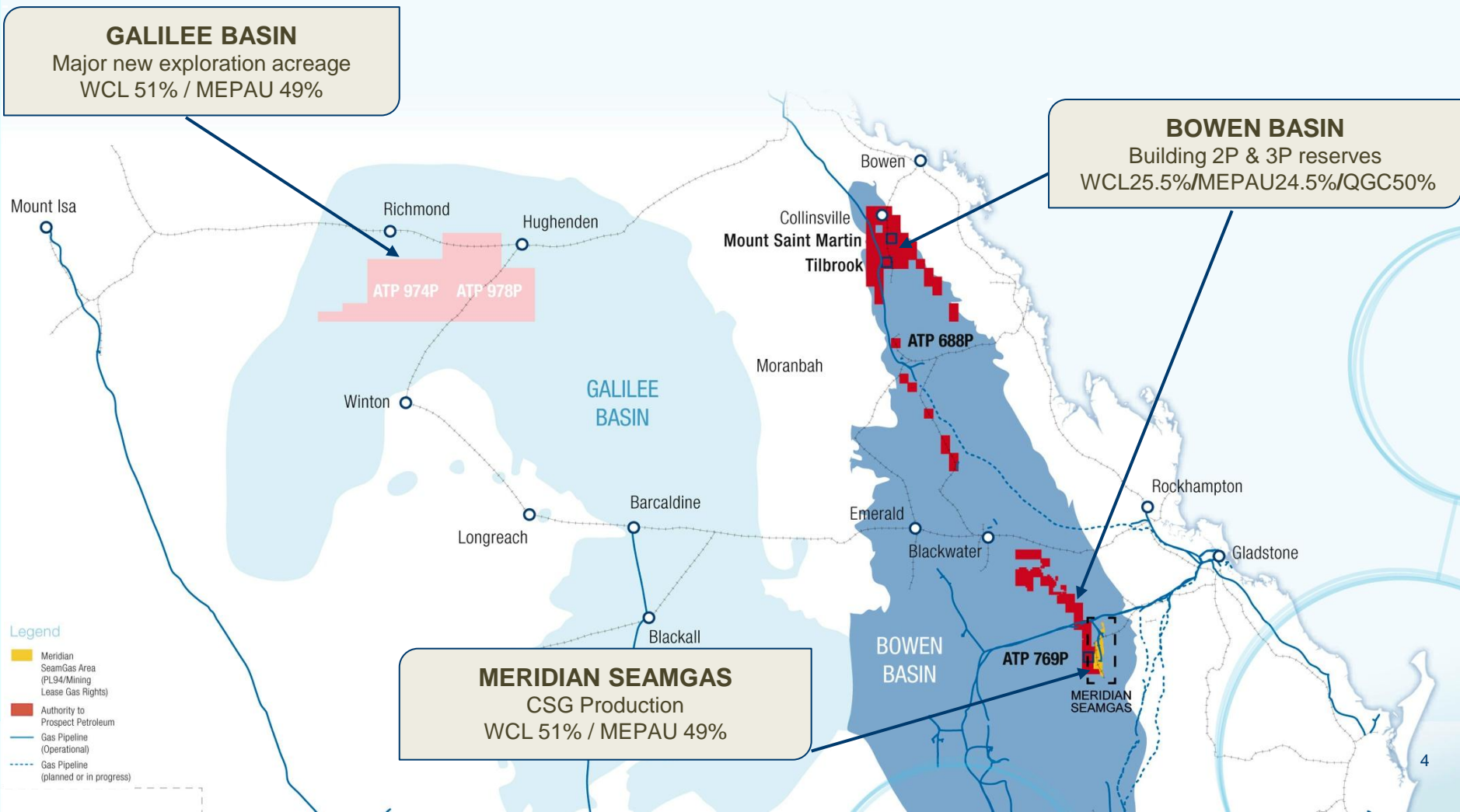
– New Hope Corporation	19.6%
– Energy Infrastructure Trust	13.3%
– Angus Karoll	6.5%
– Saad Investments	5.8%
– Bumi	5.7%

# WestSide - Asset Location



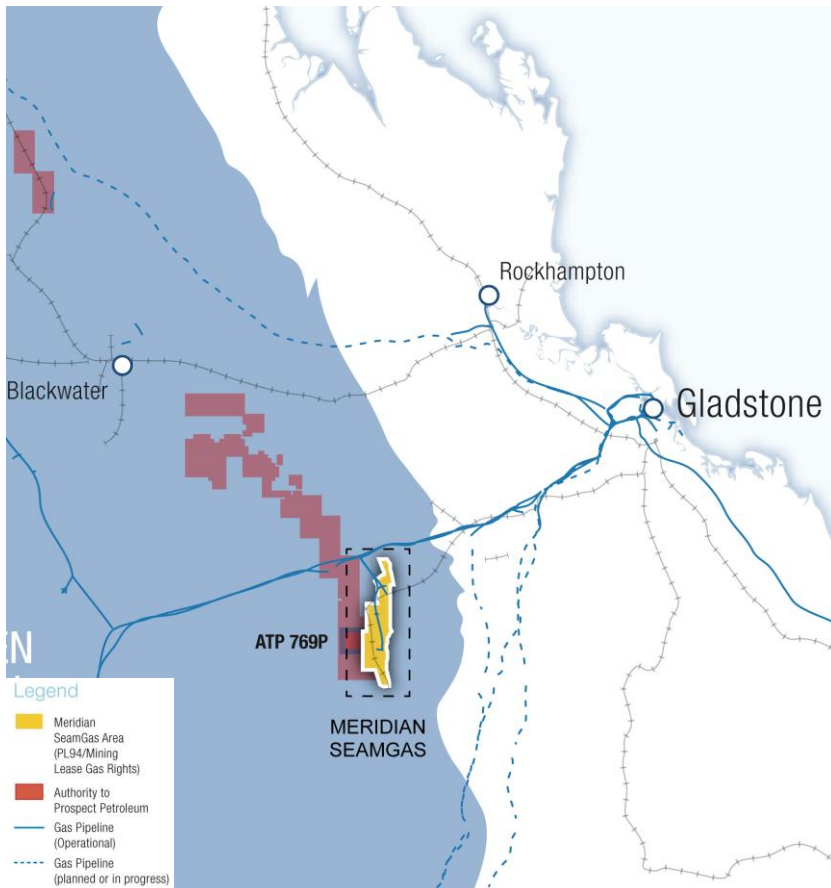
## Developing CSG reserves and assets in two basins

Strategic location – Meridian SeamGas 160km to Gladstone with access to QGP





# Meridian SeamGas – Market Outlook



## Competitive Position

- Closest gas producer to Gladstone
- Connected to Qld Gas Pipeline & near pipelines in construction to Gladstone LNG projects
- Low cost brownfields development of 2P & 1P reserves (30TJ/d gas processing, 60 TJ/d pipeline)
- Existing contracts run to 2014/15 for up to 25TJ/d
- More than 400 PJ of uncontracted 2P gas (100% basis)

## Market Opportunities

- 2012 Queensland Gas Market Review forecasts further firming of gas prices to over \$10/GJ by 2015 and gas scarcity for domestic contracts
- Domestic industrial users now showing greater propensity to secure gas supplies at higher prices
- Westside plans to mitigate pricing volatility by having a portfolio of gas with some under written by a fixed escalating gas price

**“Domestic & LNG project customers are projected to be short gas in the near term”**

# Indicative Takeover Approach



## Takeover Approach

- Received indicative proposal from LNG Limited (LNGL) in February 2012
- Indicative price of 65cps cash valuing WestSide at \$165.2m
- Takeover approach prior to Entitlement Offer launch and significant Reserves Upgrade
- Data room established and non-exclusive due diligence access granted
- WestSide working cooperatively with LNGL and associated parties to progress the proposal
- Board is committed to maximising shareholder value and working with advisers to explore all available options.
- WestSide has previously advised that other parties may be granted due diligence access

## Subsequent activity

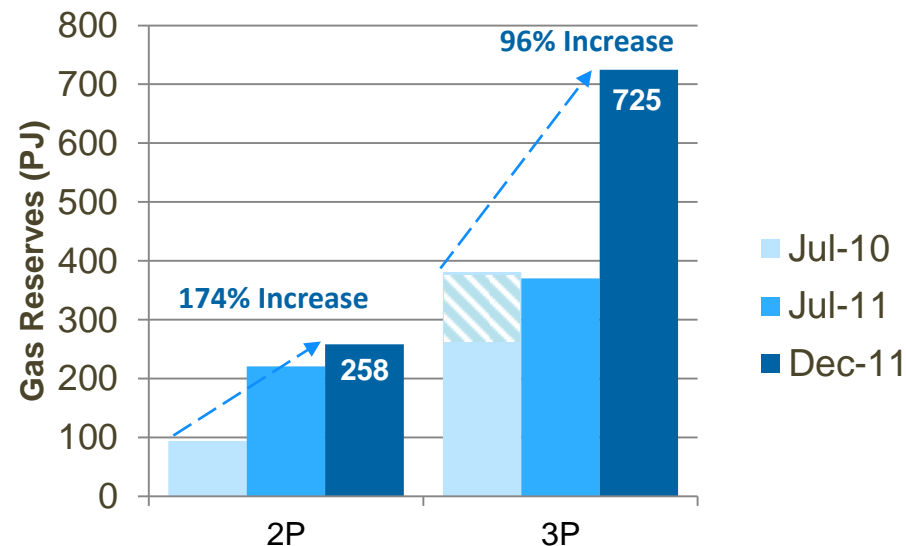
- Conditional sale of Molopo's adjacent Mungi gas field to PetroChina announced 1 August 2012
- There is no guarantee that a binding takeover offer will be made
- WestSide management has remained focused throughout process on executing our growth strategy to increase reserves and production to support the execution of new GSAs

# Reserves Position



## Reserves have increased substantially

- 2P reserves up 174% since July 2010 to 258 PJ
- 3P reserves up 96% to 725PJ
- Potential to increase 2P & 3P reserves at Meridian, ATP 688P & ATP 769P in the Bowen Basin and 3C resources in ATP 974P & ATP 978P in the Galilee Basin
- Additional exploration and pilots planned in ATP 769P & ATP 688P



 July 2010 3P reserves unadjusted for impact of Mitsui Farm-in of 103PJ

## Reserves net to WestSide

PROJECT	SHARE %	1P (PJ)	2P (PJ)	3P (PJ)	RESOURCE (PJ) 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 + 978P)	51.0				10,700
<b>Total</b>		<b>6.5</b>	<b>258</b>	<b>725</b>	<b>14,887</b>

<sup>1</sup> Internal estimate of GIP

<sup>2</sup> Meridian 2P reserves to 800m and 3P reserves to 1,350m

# WestSide Leadership



## Board of Directors

### **Angus Karoll - Executive Chairman**

Founding Director with broad experience across a range of sectors.



### **John Clarke - Non-Executive Director**

Commercial experience and former CEO of Infratil and MD of HRL Morrison.



### **Robert Neale - Non-Executive Director**

Mining and exploration background with over 40 years' experience.



### **Tony Gall - Non-Executive Director**

Chartered Accountant worked with PriceWaterhouse for 39 years.



### **Nathan Mitchell - Non-Executive Director**

Extensive history with research and development of drilling techniques.



### **Trent Karoll - Non-Executive Director**

Commercial background with strong financial and operations experience.



## Management Team

### **Dr Julie Beeby - Chief Executive Officer**

Development and change management leader with 24 years' experience in resources sector.



### **Damian Galvin - CFO & Company Secretary**

Chartered Accountant with 19 years' experience in financial management.



### **Simon Mewing - Chief Operating Officer**

Chemical engineer with over 30 years' experience in oil and gas industry.



### **Ray Cowie - General Manager Production**

Drilling and petroleum engineer with 21 years' oil and gas industry experience – CSG specialist.



### **Andrew Knight - Exploration Manager**

32 years' diverse experience as a coal geologist in exploration and mining - past four in CSG.



### **Garth Borgelt - Commercial Manager**

32 years' in the gas pipeline/energy industry and held various executive positions.



### **Richard Owen - Investor & Community Relations Manager**

30 years' experience in business journalism, consulting, marketing and sales.





# Outstanding Performance in FY2012



## OPERATIONS

*Delivering  
on focused  
growth  
strategy*

- Annual Meridian production net to WestSide up 7.2% at 1,686 TJ
- Commissioned 10 new Meridian wells ~ 35% of total production
- Well work overs delivered more than 3 TJ/d of additional production
- Increased net 3P reserves by 96% to 725 PJ & 2P reserves by 17% to 258 PJ
- Strong safety record
- Granted new Environmental Authority for PL94
- Executed new CHIMA with the Gangulu People

## FINANCIALS

*Poised to benefit from  
increased production  
and prices*

- Annual revenue from Meridian net to WestSide up 8.2% at \$5.94m
- Meridian broke even before depreciation - \$1m improvement on FY2011
- Annual loss of \$7.8m – a 17% improvement on FY2011 loss of \$9.4m
- Result includes a \$3.7m gain from sale of Indonesian JV assets
- Cash position - \$34m at June 30 2012 following \$24.5m rights issue

## SHAREHOLDER VALUE

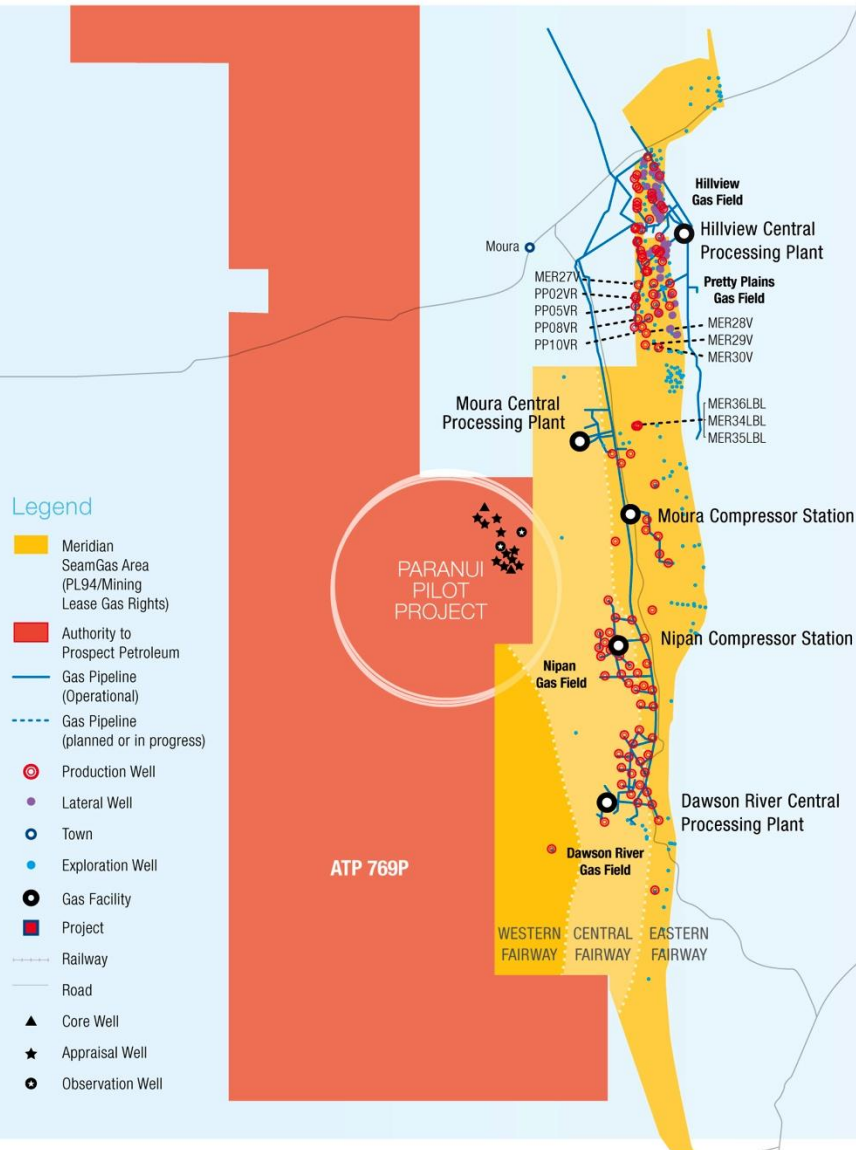
*Unlocking latent  
value in Meridian  
SeamGas*

- Indicative proposal received in February 2012 – due diligence continuing & PetroChina is now acquiring MPO's Mungi gas-field adjacent to Meridian
- Share price up 42.5% during FY2012 from 23.5c to 33.5c
- Market capitalisation almost doubled during FY2012 from \$60m to \$119m

# WESTSIDE OPERATIONS



# About Meridian SeamGas



## PL 94 & ML gas rights – reliable supplier of gas

- Approximate area 206 km<sup>2</sup>
- Average 18 m net coal – 5 main seams in Baralaba Coal Measures & Kaloola Formation
- Two pipelines with 60 TJ/day capacity
- 12 compressors with dehydration at 30 TJ/day capacity
- 160 km of low pressure and high pressure pipeline
- Natural pathway for WCL's adjacent Paranui gas (ATP 769P 25.5%)
- At 72 TJ/day could feed 0.5 Mtpa LNG plant

Reserves (net to WestSide)

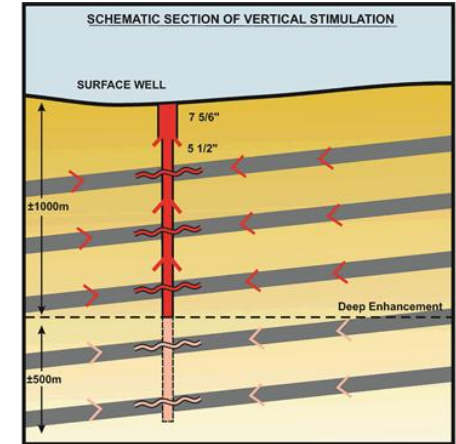
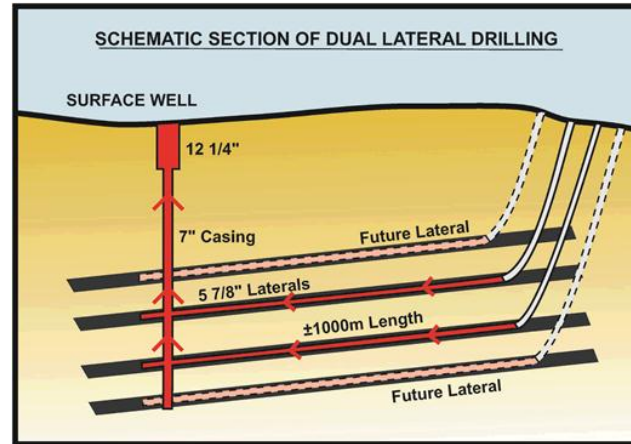
- 6.5 PJ	1P
- 258 PJ	2P
- 617 PJ	3P

# Meridian SeamGas – Drilling Technology



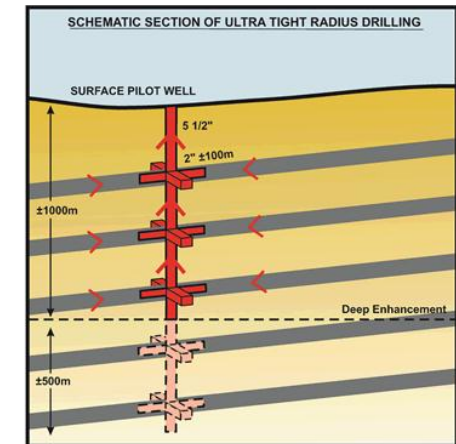
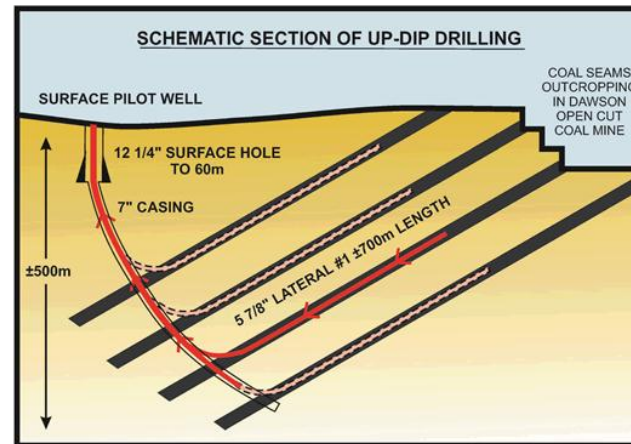
## Established technologies

- Vertically intersected laterals
- Stimulated vertical wells



## Emerging high efficiency wells

- Up-dip lateral wells
- Multi-seam zero radius wells



**“Optimising well design, production efficiency and costs”**

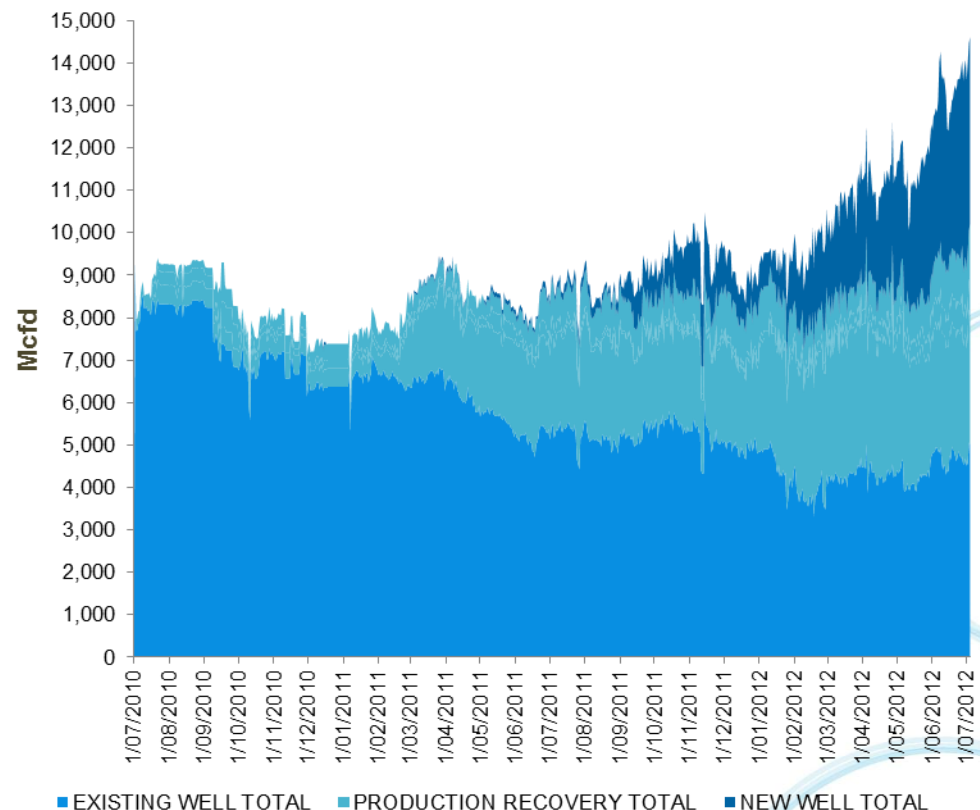
# Meridian SeamGas Production



## Production ramp-up since acquisition

- Natural decline of field arrested
- Refurbishment of existing wells increasing production
- 10 new production wells from 2011 (7 dual-laterals & 3 up-dip blind laterals) ramping up
- PP10 & MER 27 flowed > 1,000,000scf/d and stabilising
- PP02, MER 28 & MER 29 have flowed at > 675,000 scf/d - controlled via back pressure building to peak
- New wells accounting for over 30% of total production

## Meridian SeamGas Field Progress



**“The value of the existing wells and infrastructure is being realised”**



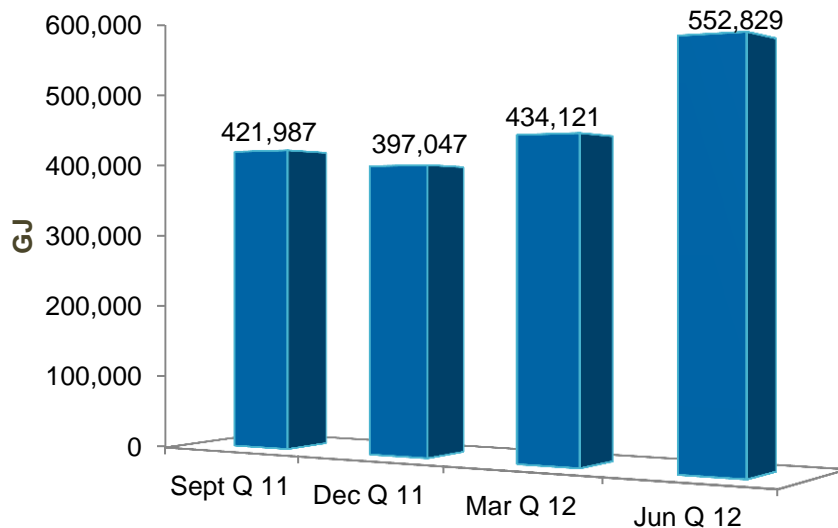
# Generating Momentum



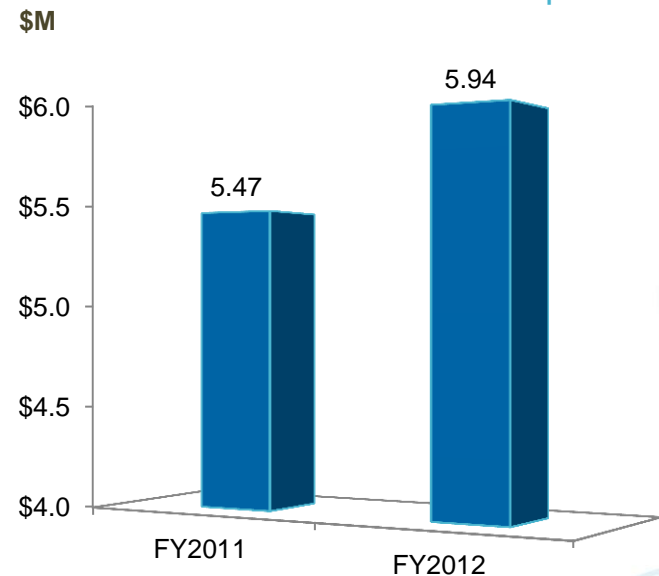
## Gas sales generating increasing revenue

Meridian's average daily gas sales in June were up 53.1% since January, reflecting a rising contribution from new wells and work overs of old wells.

Quarterly Gas Sales (GJ) Net to WestSide



Net Revenue from Meridian up 8.2%



**“Meridian is well positioned to gain from increased production and higher gas prices”**

# Long-term Strategy



## **Develop Meridian towards self funding**

- New GSAs to capture expected higher prices in 2015
- Match field development to off-take profile of GSAs
- Utilise value in existing infrastructure to efficiently manage capital for ramp up
- Maximise margins through efficient production and low cost operations

## **Growth – develop pipeline of projects**

- Develop 2P reserves in ATP 769P & ATP 688P
- Establish commercialisation options for gas reserves
- Apply for Petroleum Licences
- Roll out new producing projects based on Meridian model of operation

## **Long term potential**

- Continue to evaluate potential of Galilee Basin
- Consider opportunities to expand acreage through Joint Ventures or acquisitions

# Meridian 2012-2013 Outlook



**“Meridian will continue to be positioned to capture new GSAs for supply from 2014-2015”**

## **Reserves** - *continuing to increase 2P & 3P reserves*

- Improve recovery through lowering of back pressure
- Convert 3P to 2P for upper seams & deep seams >800m

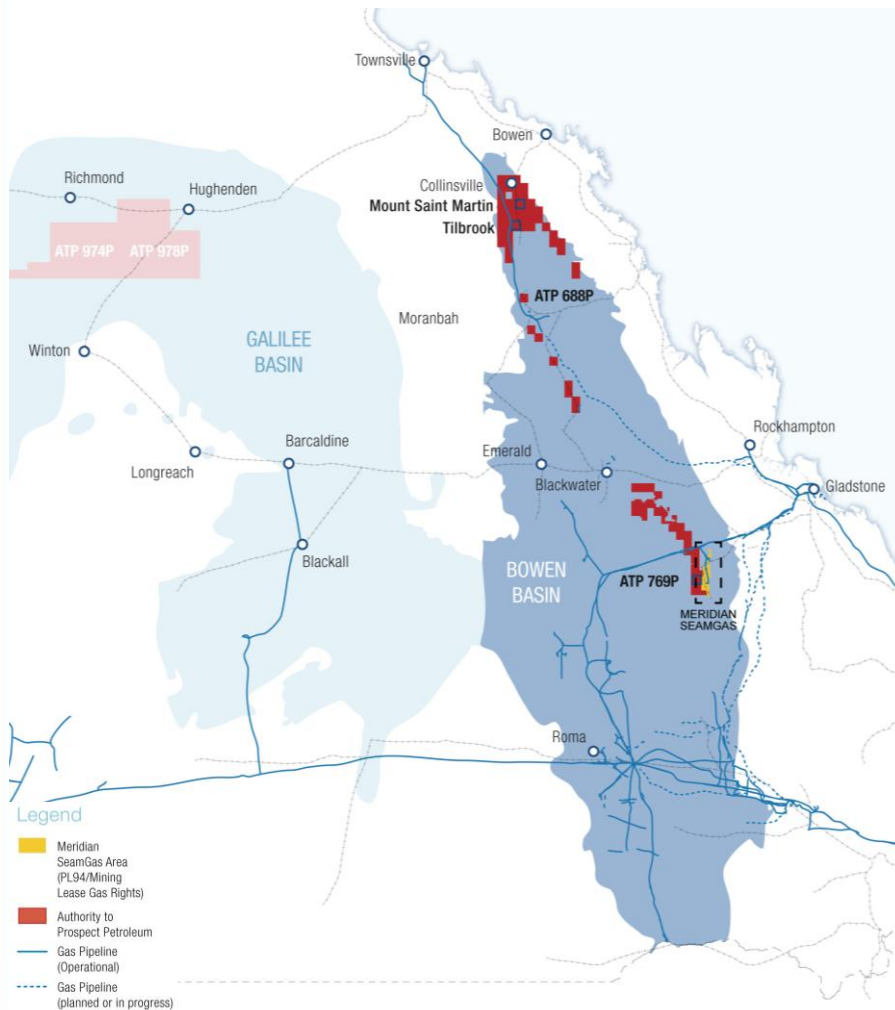
## **Production** – *proving capability at low cost while ramping up to initial target of 25 TJ/day*

- 1 dual-lateral and 1 up-dip well already completed in FY2013
- Up to 5 dual-lateral wells planned in FY2013, may be substituted if new techniques show higher efficiency
- Trial to rejuvenate non-producing existing wells - 10 vertical wells & 1 dual-lateral
- Trial of Zero Radius Drilling technique

## **Cost reduction strategies** – *lowering the cost per unit gas production to maximise margins*

- Installation of 2 booster compressors to reduce back pressure on wells
- Pilot water treatment plant
- Well design, drilling optimisation and Airwell pump completion methods
- Well telemetry to reduce operator costs

# Exploration 2012-2013 Outlook



## Bowen Basin Exploration – *Mid-term focus*

### ATP 688P

- Mount St Martin Pilot extension with 2 lateral wells into existing verticals
- Seismic program

### ATP 769P

- Paranui (adjacent to Meridian) – Airwell pump trial in Paranui pilot wells
- New deep exploration wells
- Seismic program

### Targets

- 2P & 3P reserves certification
- Commercialisation routes established
- PL applications
- Identify new CSG exploration targets

## Galilee Basin Exploration – *Long-term focus*

### ATP 974P & ATP 978P

- Future drilling sites established
- Landholder, Environmental & Cultural Heritage approvals in progress
- Low level of activity anticipated in FY2013



# WestSide - Community



## Community Support

- Restoration of Theodore Kindy playground
- Sponsorship of Moura Community - Coal and Country Festival, inaugural Dawson River Festival, of fireworks to mark the Moura Primary School 75th anniversary
- Sponsorship in Galilee Basin - Stamford Community Races, Richmond Fossil Festival
- Utilising local businesses and contractors
- Moura staff live in local townships

## Stakeholder Engagement

- Member of Moura Chamber of Commerce
- Participant in Banana Shire Industry Summit
- Educative briefings – Local Members of Parliament, Regional Shire Councils, and peak rural industry body AgForce
- Member of Galilee Basin Operators' Forum
- Establishing Voluntary Cultural Heritage Management Plans (CHMP's) with local Indigenous Groups





# Summary



## Production & Location

- ✓ Operating established Meridian SeamGas business on QGP - 160km from Gladstone
- ✓ Averaged gross sales of 13.5 TJ/d in June 2012, commissioning 10 new wells – (5 have achieved production rates > 675 Mscf/d, including PP10 & MER 27 @ >1,000 Mscf/d)
- ✓ Drilling new wells - trialing innovative well designs & equipment to increase production efficiency
- ✓ Significant opportunity to ramp up production to 60 TJ/day to match pipeline infrastructure supported by 258 PJ of 2P reserves (net to WCL)
- ✓ New Environmental Authority for Meridian SeamGas Petroleum Lease PL 94 granted

## Sales Contracts

- ✓ Existing contracts in place for up to 25 TJ/d to 2014-15 - \$5.94m revenue (net) FY2012
- ✓ Progressing GSA negotiations – potential doubling of gas prices toward \$10/GJ in 2015

## Corporate

- ✓ Experienced Management team with strong support from major strategic partners (Mitsui E&P & QGC) and cornerstone investors (New Hope Corporation & Energy Infrastructure Trust)
- ✓ Well funded for production and exploration programs \$34 million in cash at 30 June 2012

## Exploration Upside

- ✓ Reserves upgrades at low cost possible at Meridian SeamGas to support further growth
- ✓ Bowen Basin - ATP 769P and ATP 688P (mid-term commercialisation) & Galilee Basin – ATP 974P and ATP 978P (grassroots program)

**“Developing reserves, production and low cost operations  
to capture value of new market paradigm in 2014-15”**

# Disclaimer



This Presentation is not a prospectus, disclosure document or offering document under Australian law or under any other law. This Presentation does not, and does not purport to, contain all the information that a prospective investor and its advisers would desire or require in evaluating or reaching decisions concerning a possible investment in WestSide nor does it contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act 2001 (Cth). This Presentation has been provided for information purposes only. Nothing contained in the Presentation constitutes investment, legal, tax or other advice. The Presentation does not take into account the investment objectives, financial situation or particular needs of any recipient. Before making an investment decision, each recipient of the Presentation should make its own assessment and take independent professional advice in relation to the Presentation and any action taken on the basis of the Presentation. Further, WestSide advises that it is not licensed to provide financial product advice.

## **No warranties or liability**

Neither WestSide nor any of its directors, officers, employees, advisers, consultants, contractors or agents, make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of the information referred to or contained in this Presentation.

Subject to any law to the contrary and to the maximum extent permitted by law, WestSide and its directors, officers, employees, advisers, consultants, contractors and agents disclaim and exclude all liability for any loss, claim, demand, damages, costs, expenses of whatsoever nature (whether or not foreseeable):

- suffered or incurred by any person relying on or acting on any information provided in, or omitted from, this Presentation;
- arising as a result of or in connection with information in this Presentation being inaccurate or incomplete information in any way including by reason of any negligence, default or lack of care, or by reason of any reliance thereon by any person.

## **Forecasts**

This Presentation may contain certain forward looking statements with respect to the financial condition, results of operations and business of WestSide and certain plans and objectives of the management of WestSide. Forward looking statements include, but are not limited to, those statements containing words such as 'project', 'foresee', 'plan', 'expect', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' and other similar expressions. All such forward looking statements involve known and unknown risks, significant uncertainties, assumptions, contingencies and other factors, many of which are outside the control of WestSide, which may cause the actual results or performance of WestSide to be materially different from any future results or performance expressed or implied by such forward looking statements. There can be no assurance that actual outcomes will not differ materially from these statements. Factors that could cause actual results or performance to differ materially include the risks disclosed in the Presentation. You are cautioned not to place undue reliance on forward looking statements.

## **Assumptions and sources**

Certain statistical and numerical information referred to or contained in the Presentation is based on a number of economic and other assumptions and must be interpreted in the context of those assumptions. This Presentation includes information derived from third party sources that have not been independently verified. Where information referred to or contained in the Presentation includes reference to another source, that information should be interpreted in the context of its source. Where any information about a subject is attributed to a source, the information may be only a summary of or extract from information from that source, and may not be complete information about that subject.

To the full extent permitted by law, WestSide disclaims any obligation or undertaking to release any updates or revisions to the information contained in this Presentation to reflect any change in expectations to assumptions.

## **Reserve estimates**

The updated reserves figures for WestSide's 51% interest in the Meridian SeamGas Project as at 31 December 2011 used in this presentation 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.

The certified reserves figures for ATP 688P and ATP 769P used in this presentation are based on information compiled by John P. Seidle, Ph.D., and P.E., Vice President of MHA Petroleum Consultants LLC. Mr Seidle is not an employee of WestSide Corporation Ltd and consents to the inclusion of these reserves figures in the form and context in which they appear.

## **Acceptance of conditions**

By accepting, accessing or reviewing this Presentation, or attending any associated presentation or briefing, you agree to be bound by the above conditions.

## **WESTSIDE CONTACTS**

### **Chief Executive Officer**

Dr Julie Beeby 07 3020 0931

### **Investor Relations Manager**

Richard Owen 07 3020 0933 Mob: 0412 869 937

### **Chief Financial Officer**

Damian Galvin 07 3020 0904

**Website** [www.westsidecorporation.com](http://www.westsidecorporation.com)

# QUESTION & ANSWER

