

# QUARTERLY REPORT



## OPERATING HIGHLIGHTS

- ▶ Meridian revenues net to WestSide up 51% on the same period last year at \$2.02 million and up 3.6% on the previous June quarter
- ▶ Production volume of 504.4 TJ, excluding fuel gas, up 33% on the same period last year but down 5% on the previous June quarter
- ▶ Sales volume of 527.6 TJ up 25% on the same period last year but down 4.6% on the previous June quarter
- ▶ Drilled Meridian's eighth new dual-lateral well and started drilling the next
- ▶ Drilled, completed and placed on pump Meridian's third new blind lateral well
- ▶ Signed Cultural Heritage Investigation and Management Agreement with the Traditional Owners of land within the Southern Operations Area of ATP 769P
- ▶ Installed new water collection facilities and commenced construction of water treatment pilot plant
- ▶ Subsequent to the end of the quarter:
  - Took delivery of Queensland's first trailer-mounted 1,000 HP mobile compressor unit
  - Commenced rehabilitation of Meridian exploration well leases

# OVERVIEW AND OUTLOOK

WestSide and Meridian SeamGas joint venture partner Mitsui E&P Australia Pty Ltd (Mitsui) remained focused during the quarter on increasing production through the progressive commissioning of new wells, drilling additional wells and working over existing wells.

Several of Meridian's new high performance wells needed to be taken off line for work-overs during the quarter, but production has since been recovering toward their previous output rates and a return to full performance is expected.

Importantly, WestSide's net share of sales revenue from Meridian of \$2.02 million, including processing fees and production compensation payments, was up 3.6% on the June quarter and 51% on the previous corresponding September quarter.

Work-overs were completed on eight of the field's old wells with the focus now shifting onto dormant wells with strong production histories, as the cost per GJ of production recovered from rejuvenated wells is expected to be lower than that from newly drilled wells.

This well work-over program will continue in the months ahead based on the application of

a range of innovative treatment technologies used widely in North America to re-enter older wells and recover production.

The Schramm TXD rig was returned to service in July and has been deployed on the next phase of production drilling which will continue during the next few months.

During the September quarter the surface engineering and operations teams prepared for the arrival of two new booster compressors to efficiently increase production and reserves. Installation and commissioning of the first of these compressors will be undertaken during the current quarter, as will construction and commissioning of the new water treatment pilot. The second compressor will be installed in 2013.

Regarding exploration at Meridian, a rig is being engaged to drill a core well in a producing area of the field to measure gas

content in coal seams being targeted as part of Meridian's reserves maturation program.

On 13 February 2012, WestSide announced that a potential acquirer, later identified as Liquefied Natural Gas Limited (ASX Code: LNG), had been granted due diligence access on a non-exclusive basis to progress its indicative acquisition proposal.

WestSide has subsequently held discussions with LNG and its associated parties, and other parties which were invited by WestSide's advisers to consider potential change of control proposals involving the Company.

Some of these parties were also invited to undertake due diligence investigations, which have included access to an electronic data-room, technical reviews and discussions with the WestSide management team. WestSide is now seeking firm proposals prior to the Company's Annual General Meeting on 22 November 2012.

The Company had \$29.45 million in cash at 30 September 2012.

## OPERATIONS REVIEW

### Meridian SeamGas CSG field

*(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 remained high, reflecting the impact of earlier overhauls of major equipment and the effectiveness of the maintenance programs now in place.

The Schramm TXD rig was returned to service in July, resulting in the drilling of another new dual-lateral well (MER 30) during the quarter, as well as a third new blind lateral well (MER 34).

This rig commenced drilling the next dual lateral well (MER 39) just prior to the end of the quarter, while a second rig is being engaged to drill a core well (MER 07X) in a producing part of the field as part of Meridian's reserves maturation program.

The operations and engineering teams focused during the quarter on site and surface infrastructure works in preparation for installation of two new booster compressors, including a 200 HP unit and a 1,000 HP trailer-mounted unit which was delivered to site (pictured) in mid-October and is the first of its type in Queensland.

These booster compressors are being installed between the main compressor stations and existing wells in some parts of the field to reduce back pressure and enhance production and long-term recovery. The large mobile unit will also help reduce field development costs and maximise utilisation of existing compression capacity.

Other site works undertaken during the quarter included the establishment of a water collection station and the commencement of construction of Meridian's pilot water plant.



The plant will trial the use of volcanic rocks in an ionising process in addition to parallel, smaller reverse osmosis facilities. The trial process has the potential to lower the cost of treating water to a sufficient quality for beneficial use.

Equipment including umbilical piping was ordered during the quarter to support the installation of two of the new Airwell pumps – one of which will be used to complete the MER39 dual lateral well at Meridian and the other on a trial at Paranui.

# PRODUCTION REVIEW

## Meridian SeamGas CSG field

(WestSide interest 51%)

During the quarter several of Meridian's new high-performance dual-lateral wells were taken off line for work-overs, resulting in a temporary fall in production of gas for sale as shown in Chart 1. These wells have been put back on pump and production is recovering as they ramp back up toward their previous output rates, as Chart 2 shows.

Production has also been impacted by the loss of several legacy wells within part of the Co-Development Area into which the adjacent coal mine is expanding. The Meridian joint venture is being compensated for resulting revenue loss from production which averaged approximately 1.45 TJ/d during the quarter.

Significantly, the joint venturers have been particularly impressed with the success of work-over programs to refurbish and unblock existing production wells, including dormant wells with strong performance histories.

During the quarter another eight such work-overs were completed. Production from existing wells is now above the level when WestSide assumed operatorship of the field in July 2010, as the light blue shaded area in Chart 2 shows.

As a result of this work WestSide has determined that the rate of production decline from existing wells when the Company acquired its interest in the Meridian gas field was being caused by a combination of mechanical failures and well blockages – not reservoir depletion as initially assumed. Consequently, the joint venture has reset benchmarked decline rates and positively reviewed the initial prognoses on anticipated well-life and economics.

Two of Meridian's three new blind lateral wells have also been flowing gas at encouraging pre-peak production rates – in excess of 250,000 scf/d. These are the first wells of their type in Australia to trial pumps which operate on a horizontal plane. They have been reliably operating for several months and are expected to achieve peak production rates equivalent to about half that of a dual-lateral once dewatering is complete.

Production from the Meridian SeamGas CSG field (excluding fuel gas) was down 5% on the June quarter at 989,031 GJ (504,406 GJ net to WestSide), but up 33.1% on the previous corresponding September quarter. Total sales volume (including third party gas) of 1,034,422 GJ (527,565 GJ net to WestSide) or 11.24 TJ/d, was down 4.6% on the June quarter, but up 25% on the previous corresponding September quarter.

Available third party gas sourced from the nearby Mungi field for resale during the September quarter totalled 45,391 GJ – up 7.2% from 42,321 GJ in the June quarter, but down 46% from 84,163 GJ in the previous corresponding September quarter.

WestSide's net share of sales revenue from Meridian of \$2.02 million, including processing fees and compensation payments, was up 3.6% from \$1.95 million in the June quarter, or 51% from \$1.34 million in the previous corresponding September quarter.

**Chart 1:**  
Quarterly Gas Sales Net to WestSide

Gigajoules (GJ)



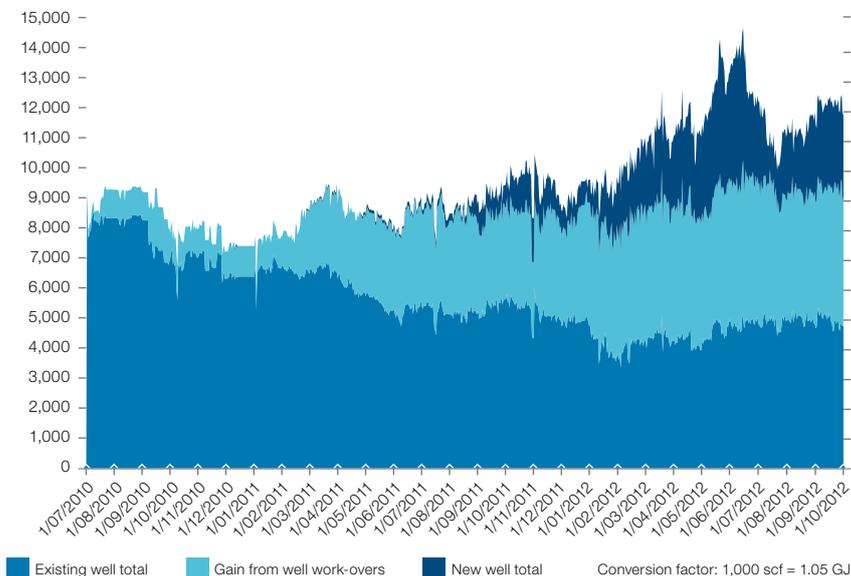
**Table 1:**

Quarterly Gas Production & Sales Data (production excludes fuel gas)

	30 JUNE 2012	30 SEPT 2012	CHANGE %	30 SEPT 2011	CHANGE %
<b>Gross Operated</b>					
Production (GJ)	1,041,657	989,031	(5.0)	743,262	33.1
Gas Sales (GJ)	1,083,978	1,034,422	(4.6)	827,425	25.0
<b>Net to WestSide (51%)</b>					
Production (GJ)	531,245	504,406	(5.0)	379,064	33.1
Gas Sales (GJ)	552,829	527,565	(4.6)	421,987	25.0

**Chart 2:**  
Meridian SeamGas production progress

Mscf/d



WestSide's share of revenue from Meridian of \$2.02m, was up 3.6% on the June quarter and 51% on the previous corresponding quarter.

# EXPLORATION REVIEW

## Bowen Basin

### Meridian SeamGas CSG Field

(WestSide interest 51%)

The focus during the quarter remained on reserve maturation, reservoir modelling and production to demonstrate improved recoverability.

Plans were finalised to drill a core well during the current quarter in a producing area of the field to determine any variation in gas content within shallower, vertically intersected coal seams being targeted under an ongoing reserves maturation program.

The 2008 Narweena 2D seismic survey was also reprocessed and reinterpreted during the quarter using modern processing techniques which have improved the resolution significantly to assist in determining well locations for future production drilling campaigns.

### 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 two of the original exploration wells Paranui 5R and Paranui 6R were plugged and abandoned as planned and rehabilitation of the leases undertaken.

Installation of enhanced completion technology on the Paranui 13 pilot well, following a

successful initial trial of the gas lift pumping system at Meridian, will go ahead once equipment arrives at site.

### Regional Exploration

Planning for an exploration well program continued during the quarter with the focus on finalising landholder, Cultural Heritage and environmental approvals.

The joint venture has acquired a series of 2D seismic lines in the north of ATP 769P along strike from the Paranui project area and down-dip of the Meridian field. A further 2D seismic program across the remainder of the tenement is progressing to accurately define the structure and hopefully identify new exploration targets in the deeper parts of the tenement. The program of landholder approvals and seismic scouting is progressing, with data acquisition scheduled in 2013.

### ATP 688P

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

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

### Mount Saint Martin and Tilbrook

Planning continued during the quarter to drill two lateral wells to intersect the existing MSM 2 and MSM 4 vertical wells. The first lateral well (MSM 2 L1) is planned to target the Lower Goonyella A coal seam while the second lateral (MSM 4 L2) is planned to target the Lower Goonyella B seam. Modelling indicates commercial flow rates may be achievable with the successful application of lateral technologies.

Drilling is now expected to start next year. Testing of these lateral wells is planned to demonstrate production and an initial reserve certification to add to the Tilbrook reserves already certified in the tenement and support an application for a Petroleum Lease.

Meanwhile, a number of well leases were rehabilitated at the nearby Tilbrook pilot and work commenced on an Underground Water Impact Report (UWIR) for the area.

## Galilee Basin

### ATP 974P & ATP 978P

(WestSide interest 51% – Mitsui E&P 49%)

No significant exploration activities were undertaken during the quarter, however, the joint venturers continued to evaluate their options. A field review to assess lease conditions and development of a weed management program is planned for the current quarter.

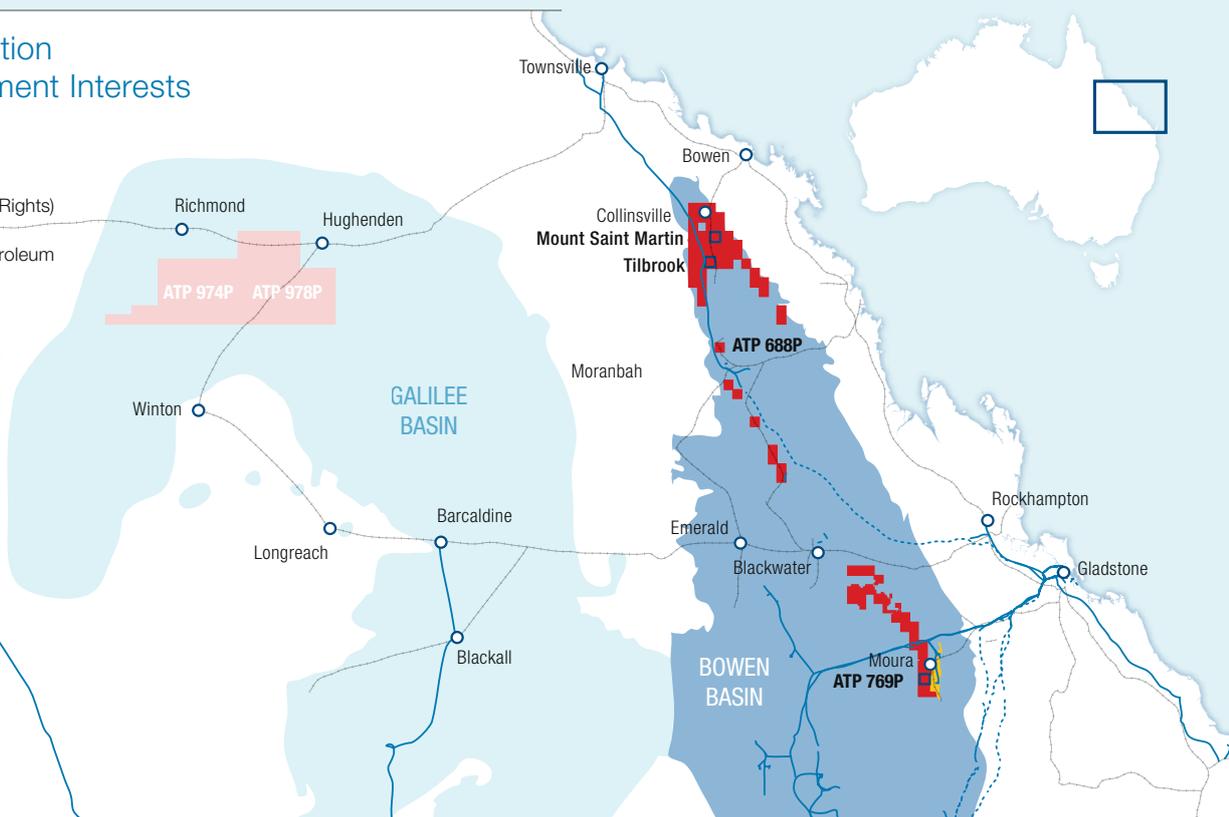
WestSide continues to be part of the Galilee Basin Operators Forum (GBOF) and expects the hydrological report commissioned from RPS to be publicly released during the December quarter.

A basin-wide water isotope study commissioned by GBOF members to identify water associated with regional aquifers has now commenced. The goal is to produce a realistic hydrogeological model that will enable a holistic understanding of Galilee and Eromanga Basins' properties.

## WestSide Corporation Queensland Tenement Interests

### Legend

- Meridian SeamGas area (PL94/Mining Lease Gas Rights)
- Authority to Prospect Petroleum
- Gas Pipeline (operational)
- Gas Pipeline (in progress)
- Project
- Town
- Rail



# SUSTAINABILITY



Work undertaken during the quarter included establishment of a water collection station and commencement of Meridian's pilot water treatment plant.

During the quarter WestSide progressed activity for the Transitional Environmental Plan (TEP) under s333 of the Environmental Protection Act to bring dam construction and water management standards for PL94 into compliance with upgraded policy standards.

Work undertaken included the installation of a water collection station and the diversion of water from one of the existing evaporation ponds as the first step in the decommissioning process.

Sedimentation sampling and analysis was completed for all ponds and dams on the Petroleum Lease in preparation for the

upcoming decommissioning and rehabilitation program. Construction also commenced on a pilot water treatment system which has potential to cost significantly less to run than reverse osmosis-only alternatives.

Rehabilitation activity was also undertaken during the quarter on exploration well leases within PL94, ATP 769P and ATP 688P.

There were no lost time injuries, environmental incidents or high hazard events during the September quarter. One medical treatment injury did occur during the period, however, the injured drilling contractor has since returned to full duties.

WestSide recognises the need to satisfy ever increasing corporate standards of behaviour and aims to become part of the communities within which the Company and its joint venture partners operate.

The Company again sponsored Moura's annual Coal and Country Festival held in August, as well as the Banana Shire Council's annual Industry Summit which was held in early October.

Following completion of negotiations, WestSide executed a new Cultural Heritage Investigation and Management Agreement (CHIMA) in September with the Gangulu People covering their traditional lands within the Southern Operations Area of ATP 769P. The CHIMA is now awaiting Queensland Government approval under the *Aboriginal Cultural Heritage Act 2003*.

During the quarter WestSide also continued to promote the Company's activities by participating in a number of investor-focused events including the Noosa Mining and Exploration Conference held in July and the Good Oil Conference held in Perth in September.

## CORPORATE

### Capital issue

During the quarter WestSide issued 253,490 shares which remain subject to a holding lock upon the vesting of employee Performance Rights. Additionally, 465,910 performance rights lapsed.

### Financial Position

WestSide's cash position at 30 September 2012 was \$29.45 million.

### Sales Revenue

WestSide's share of Meridian revenues for the September quarter was \$2.02 million, including processing revenues and production compensation payments – up 3.6% on the \$1.95 million reported for the previous quarter and 51% on the \$1.34 million reported for the same period last year.

### Exploration and Development

WestSide's share of expenditure on development activities for the period was \$2.6 million and a further \$0.25 million (WestSide's share) was spent on exploration.

### Shareholder Base

At 30 September 2012 WestSide Corporation had 2,324 shareholders and 356,121,380 shares on issue.

# CORPORATE DIRECTORY

## Contact information

### Chief Executive Officer

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### 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

### Company Secretary and Chief Financial Officer

Damian Galvin

### Australian Securities Exchange Listing

Australian Securities Exchange Ltd  
ASX Code: WCL Ordinary Shares

### WestSide Corporation Limited

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### Auditors

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## About WestSide

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.