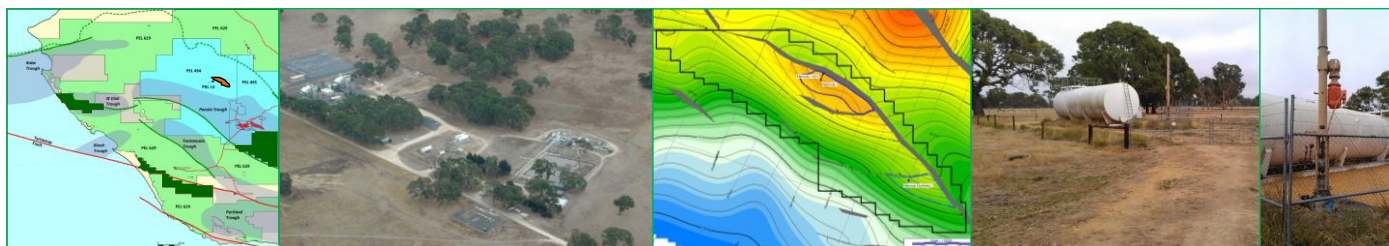


# Quarterly Activity Report

Period ending 31st December 2014



## HIGHLIGHTS

### Corporate/Finance:

- Strategic Cost Review was undertaken in September/October 2014 and the cash outflows reductions were implemented during the quarter.
- Cash flow reductions include issuing of shares to the directors in lieu of director fees, staff restructures, office savings, and reductions to other administration and travel costs.
- Cash at the end of the quarter - \$943,000

### Operations:

#### PRL13 (Killanoola) – Otway Basin

- Work progressed during the quarter to determine the costs of well work overs and well rehabilitation to address appraisal and abandonment costs and rig and equipment availability.
- The exclusivity period signed in the Memorandum of Understanding, as announced to the market on the 5th November 2014, has lapsed. The reviewing company cited falling oil prices and modest field size as the reasons not to progress further with the farm-in opportunity.

#### PRL23 (Udacha) – Cooper Basin

- The Udacha Joint Venture (JV) was awarded a Petroleum Retention Licence (PRL) and a Gas Storage Exploration Licence (GSEL) over the Udacha block.
- The Udacha JV is re-evaluating the 2015 FY expenditure in the block given the changed market conditions.

#### PEL154 and PEL155 – Otway Basin

- The 2D seismic reprocessing in the PEL155 block has been completed.
- An expanded Otway Basin seismic interpretation is ongoing.

## ASSET SUMMARY (as at end of Quarter)

Permit/Asset	Basin	Rawson Interest (%)	Gross Area (km <sup>2</sup> )	Operator
PRL13	Otway	100*	18	Rawson Resources
PRL26	Cooper	10	14	Beach Energy
GSEL645	Cooper	10	14	Beach Energy
PEL155	Otway	100	226	Otway Energy
PEL154	Otway	100	302	Otway Energy

\*Subject to regulatory approval

Rawson Resources Limited is an oil & gas exploration company focussed on onshore assets in high value strategic basins within Australia, with key assets in the Cooper and Otway basins. Rawson are currently participating in a Joint Venture with Beach Energy (ASX: BPT) and DrillSearch (ASX: DLS) in the Cooper Basin.

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## DIRECTORS:

### Chairman:

Mr Simon Bird

### Non-executive Directors:

Mr Richard Ash  
Mr Allister Richardson

## OFFICERS:

### Chief Executive Officer:

Dr Scott Brownlaw

### Company Secretary:

Mr Richard Holstein

## CORPORATE

### REGISTRY:

#### Boardroom Pty Ltd

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## Corporate / Finance Activities

### Strategic Cost Review

Rawson Resources advised the market on 20<sup>th</sup> October 2014 that in recognition of the declining market conditions the board and management had undertaken a strategic review to improve cost efficiencies and reduce cash outflow. The Company advised shareholders on the 14<sup>th</sup> November 2014 that the planned cost cutting measures included:

- Over 60% of director fees paid as shares in lieu of cash payment;
- Over 50% cost savings related to staff cost;
- Significantly reduce our Sydney and Wellington Offices costs;
- Restructure of the accounting and bookkeeper roles; and
- Significant reduction in cost for general administration and travel costs.

The major changes took effect at the end of November 2014 and the final costs saving measures were implemented on 31<sup>st</sup> December 2014. All exploration and appraisal expenditure have been reviewed and focused on priorities.

### Share Issue

The Company issued 3.8 million ordinary shares in the Company to the Directors in lieu of director fees as approved at the Annual General Meeting held in November 2014. The Company now has 98,047,150 shares on issue.

### Forward Strategy

Given the continued deterioration of market conditions, the Company is reviewing a number of options to secure shareholder value going forward.

## Appraisal Activities

### PRL13 (Killanoola) – Otway Basin, South Australia

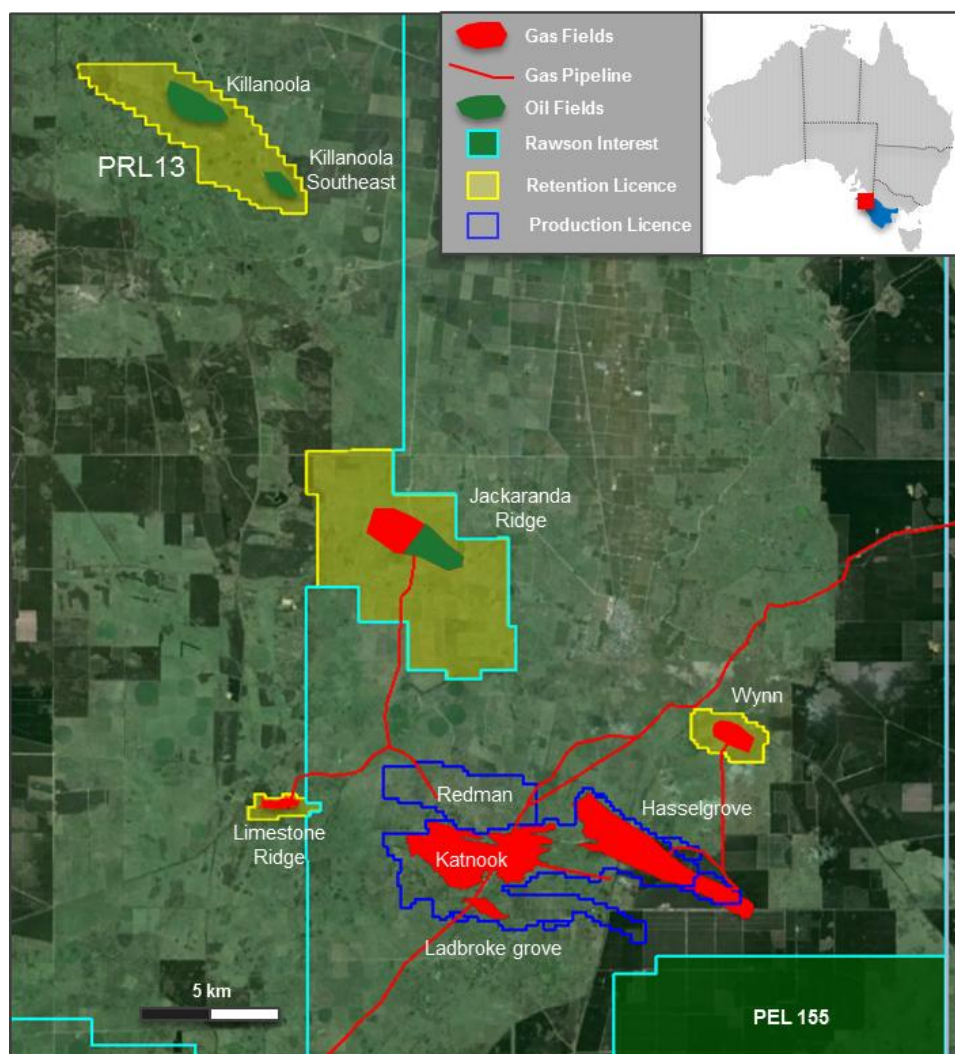
(Rawson 100%)

The Company announced the execution of a Memorandum of Understanding (MOU) with an ASX-listed E&P company on the 5<sup>th</sup> November 2014, giving exclusivity to consider farming-in to the Killanoola oil field (PRL13). The exclusivity period lapsed in December 2014 and the reviewing company decided not to progress the farm-in opportunity and cited falling oil price and modest field size as the primary issues.

Work progressed during the quarter to determine the costs, rig availability and operational timelines to conduct well work overs on the existing wells in the licence to conduct an Extended Production Test. The work also considered well rehabilitation and field abandonment.

The Killanoola Field was discovered in 1998 by the Killanoola-1 DW-1 well. A second well, Killanoola SE-1, was drilled in 2011 to test a separate fault block along strike and down dip from the discovery well and also recovered oil. The licence also includes an additional untested fault closure south east of the Killanoola-1 DW-1 well, providing some exploration upside potential.

The PRL13 retention licence is located in the Otway Basin, South Australia and is approximately 25 kilometres northwest of the Katnook Gas Fields.



PRL13 - Rawson Interest - Otway Basin

### PRL26 (Udacha) – Cooper Basin, South Australia

(Beach Energy 15% - Operator, Drillsearch 75%, Rawson 10%)

During the quarter, the Udacha Joint Venture (JV) was awarded a Petroleum Retention Licence (PRL26) surrounding the Udacha-1 discovery. The application was originally submitted shortly after the Udacha-1 well made a wet gas discovery, but was recently re-submitted by the operator. Additional discoveries and recent production from the nearby Brownlaw and Middleton fields, has made the Udacha discovery an appealing project.

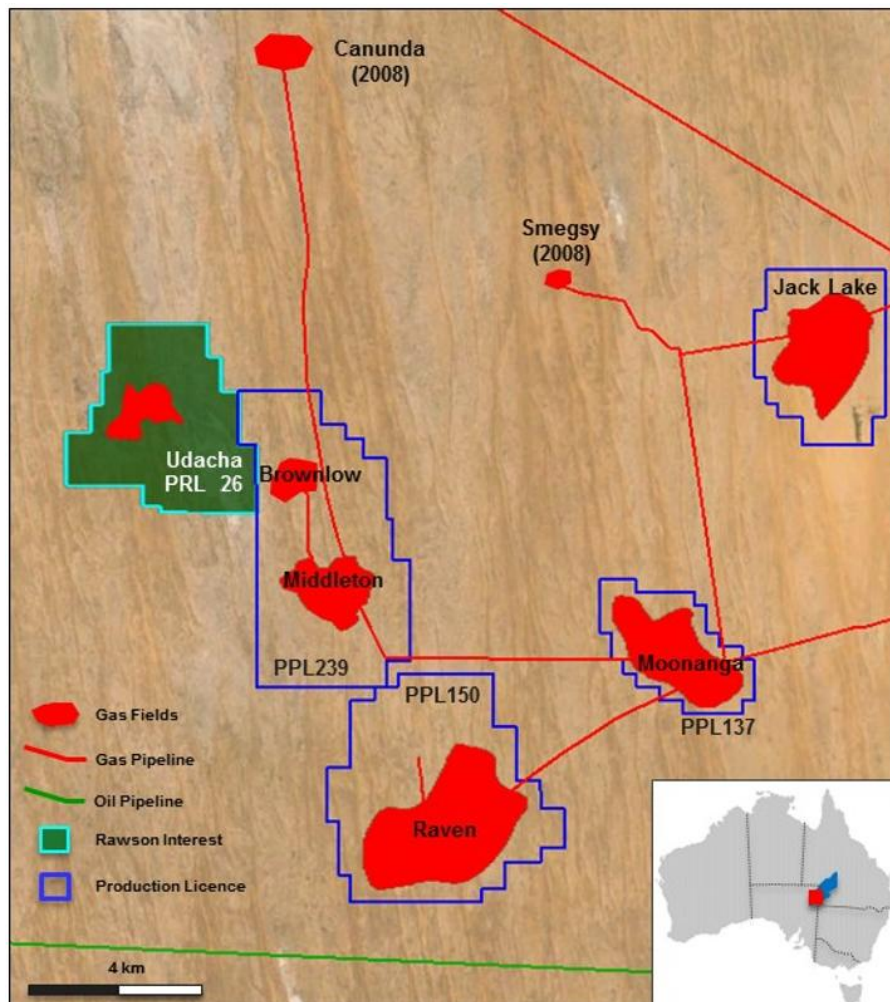
In addition, the JV was also awarded a Gas Storage Exploration Location (GSEL645) over the same area as PRL26. A GSEL authorises the licensee to place petroleum or another regulated substance into a natural reservoir for the purpose of establishing the suitability of the natural reservoir for storage purposes.

The JV is considering the proposed FY2015 expenditure in the block given the significant deterioration of the market conditions led by the falling oil price. The Udacha works this year had included the stimulation and connection of the Udacha-1 well, is expected to be undertaken in the next financial year. The JV remains positive about the potential of the Udacha discovery and the relative ease of connecting gas to the nearby infrastructure.



The Udacha gas field was discovered by the Udacha-1 well and is located approximately 5 kilometres northwest of the Middleton gas plant and 3 kilometres from the nearby Brownlow field.

The block is located in the Cooper Basin, South Australia, and approximately 4 km west of the Brownlow-1 well and approximately 50 km north west of the Moomba Field.



PRL 26 - Rawson Interest - Cooper Basin

## Exploration Activities

### PEL155 - Otway Basin, South Australia

(Otway Energy 100%)

The Company received the data from the expanded 2D seismic reprocessing study during the quarter. The data has been integrated into an expanded Otway Basin seismic database and the interpretation is ongoing. The data showed a considerable improvement in the seismic quality below the Pretty Hill Formation level and the interpretation of structural trends and internal architecture at the target level continued during the quarter. The new data in conjunction with the previously completed Pretty Hill Reservoir Assessment Study indicates both conventional and unconventional hydrocarbon potential exists in the deeper parts of the Penola Trough.

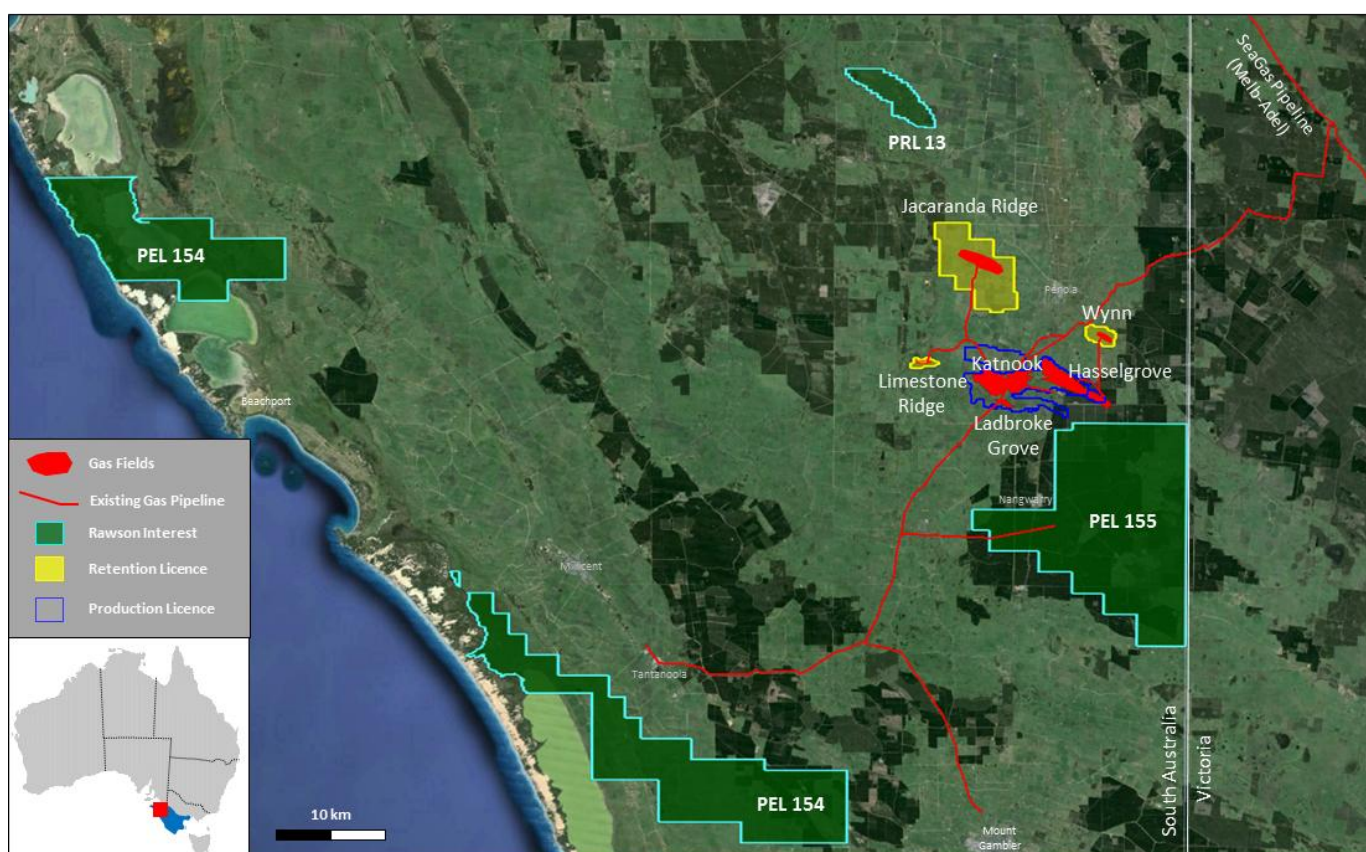
The PEL155 licence is located in the Otway Basin, South Australia, approximately 10 km southeast of the Katnook Gas Fields, near the town of Nangwarry, South Australia.

## PEL154 - Otway Basin, South Australia

(Otway Energy 100%)

The exploration licence PEL154 is well located over the Portland and St Clair Troughs to be prospective for unconventional exploration. The petroleum kitchens in the Otway Basin are poorly understood. However, recent data confirmed the Casterton and Pretty Hill formations shales have potential as a gas resource, with appropriate maturity levels, adequate TOC levels and likely quantities of associated free gas. In addition, the Casterton and Pretty Hill formations have been identified as some of the most prospective tight gas plays within the Otway Basin.

The PEL154 licence comprises two separate blocks in the Otway Basin, South Australia. The eastern block is located approximately 16 kilometres west of Mount Gambier, while the western block is located approximately 18 kilometres southeast of Robe.



PRL13, PEL155 and PEL154, Rawson Interest - Otway Basin

**Additional information required under ASX Listing Rule 5.4.3**

**Asset Summary**

List of petroleum tenements held by Rawson at quarter ending 31 December 2014:

Reference	Project Name	Location	Company Interest	Area (km <sup>2</sup> )
PRL 13	Killanoola	SA	100%	18
PRL 26	Udacha	SA	10%	14
GSEL 645	Udacha	SA	10%	14
PEL 154	Otway	SA	100%	302
PEL 155	Otway	SA	100%	226

There was no petroleum tenements acquired or disposed of during this quarter except for the approval of a Gas Storage Exploration Licence (GSEL645) as mentioned above. There were no beneficial interests held in farm-in or farm-out agreements at the end of the quarter. There were no beneficial interests in farm-in or farm-out agreements acquired or disposed of during the quarter.

**Additional information required under ASX Listing Rule 5.2.1**

There have been no activities relating to oil and gas production or development during the quarter.

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