



2010 Annual General Meeting  
Managing Director's review

16 November 2010

David Johnson, Managing Director

# 2010 SUMMARY HIGHLIGHTS

## Exploration

*Kingfisher discovery and appraisal program*  
*2010 2D seismic program*  
*Bowerbird CSG Drilling Program*  
*Thornbill CSG Drilling program*  
*CSG 2P Reserves up 33% to 381Bcf*  
*CSG 3P Reserves up 46% to 2,153Bcf*

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## Infrastructure & Markets

*RVPS Development Approval*  
*Lionsway pipeline progress*  
*LNG Program commenced*  
*MOU with FLEX*  
*MOU with LNG Ltd*

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## Corporate

*Acreage consolidation*  
*Successful capital raising*  
*Transition to commercialisation*

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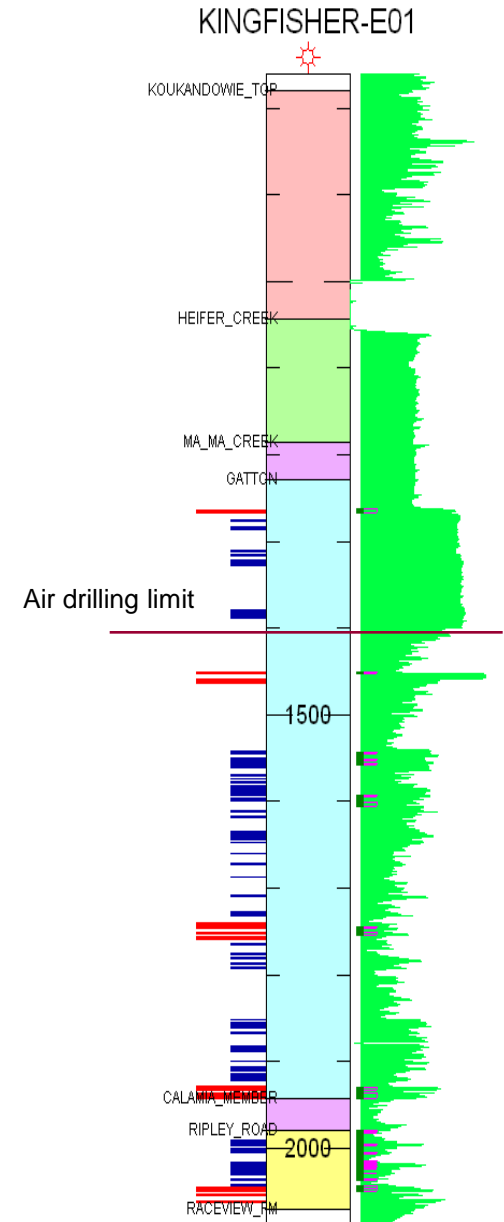


# 2010 year in review - Exploration



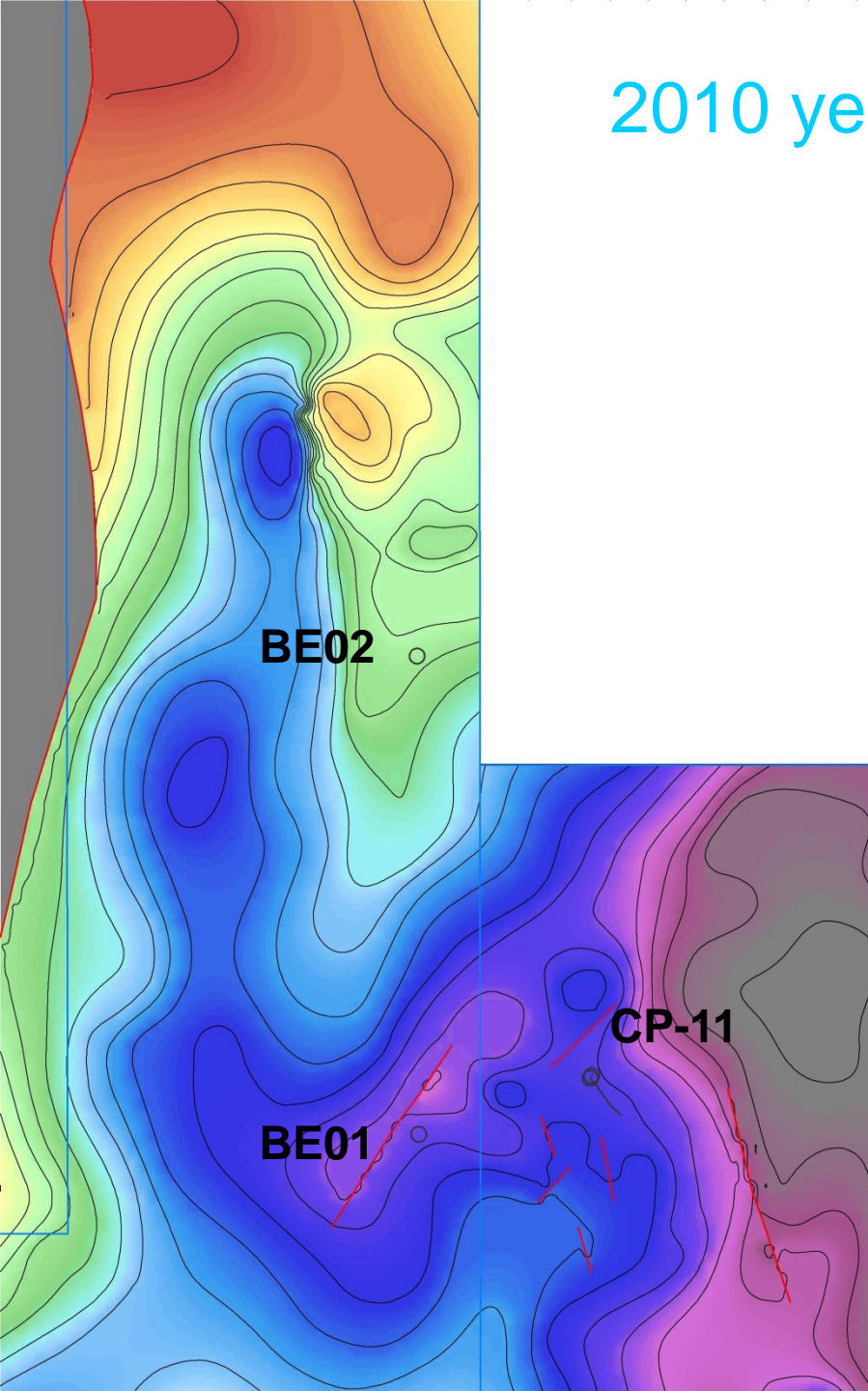
# 2010 year in review - Exploration

- 1<sup>st</sup> major conventional gas discovery in NSW
- Extensive testing and appraisal program
  - 22 zones perforated and tested
  - Variable pressure buildups – some tight, some conventional
  - All zones flowing good quality +95% CH<sub>4</sub> gas
- Extended production tests
  - 2,050-2,043.7m (conventional zone) – 2.97mmcf/d
  - 1450-1453m (tight gas zone) – stimulation program completed and well being cleaned up for extended production test
- Testing program assessments
  - Confirms a vertically extensive gas column
  - Confirmation of a mix of tight and conventional zones that will yield gas
  - Stimulation process can be undertaken





# 2010 year in review - Exploration

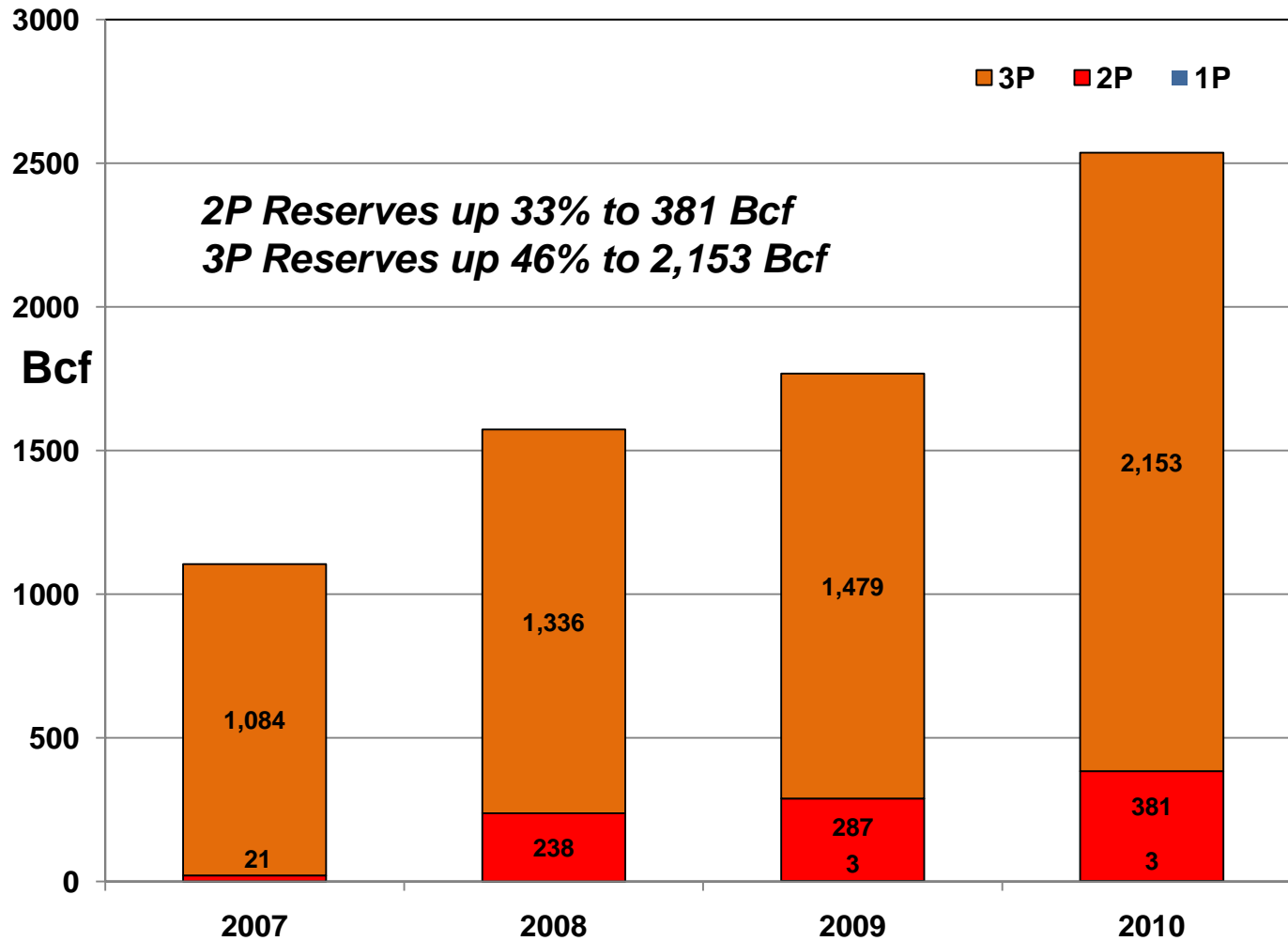


- Bowerbird Core Drilling program
- BE01
  - 14.2m net coal
  - Average gas content data awaited, expect similar to BE02
  - Gas composition 98% CH<sub>4</sub>
- BE02
  - 8.8m net coal
  - Average gas content 16.8m<sup>3</sup>/t daf
  - Gas composition 98% CH<sub>4</sub>
- Downhole testing showing acceptable permeability in Richmond and lower seams
- Extends interpreted productive fairway 3.6km west and 9km north west into PEL 13

## 2010 year in review - Exploration



# 2010 year in review - Exploration



**2P Reserves up 33% to 381 Bcf**  
**3P Reserves up 46% to 2,153 Bcf**

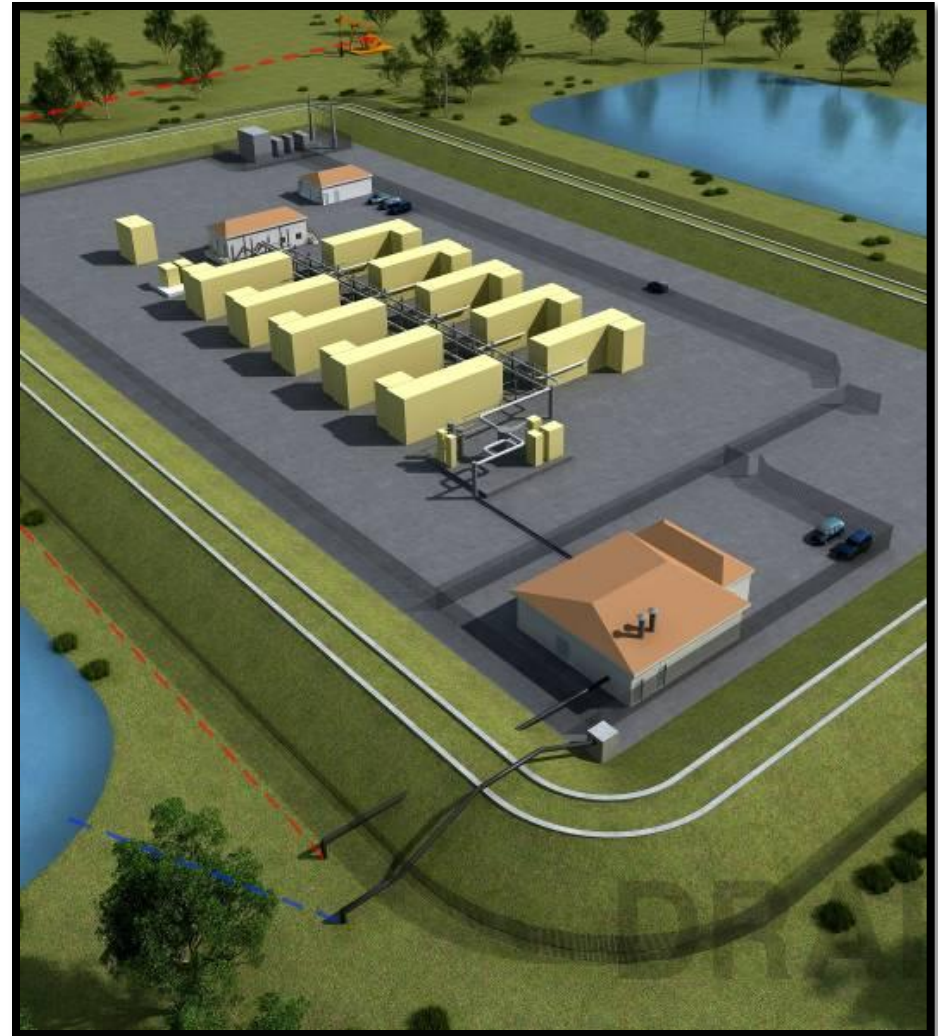
Reserves have been certified by Mr Tim Hower of MHA Petroleum Consultants (Denver) who is a qualified person as defined under the ASX Listing Rule 5.11. Reserves have been developed within the guidelines of the SPE. Mr Hower has consented to the use of the reserve figures in this presentation.





# 2010 year in review – Infrastructure & Markets

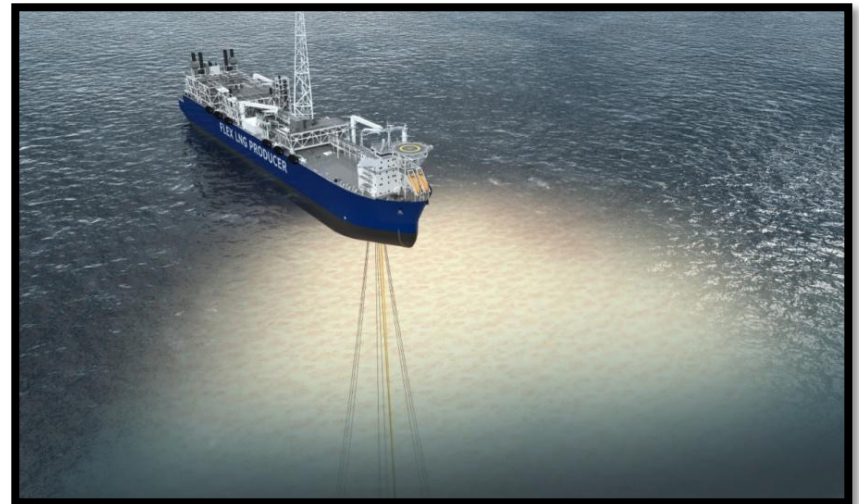
- 30 Mw Richmond Valley Power Station
  - Field development studies complete
  - Site acquisition complete
  - Connection studies completed
  - Development approval granted
  - EPC contracts now being negotiated
  - Offtake agreements now being negotiated
  - Application for registration and licences
  - FID 2011
- Intention to complement RVPS with gas sales to local customers





# 2010 year in review – Infrastructure & Markets

- Investigating LNG capability
- MOU with **LNG Ltd**, developer of approved & environmentally permitted LNG site at Fisherman's landing at Gladstone
  - FEED completed for the first LNG train of 1.5 mtpa, sufficient area for 4x1.5 mtpa
  - Technology based on nitrogen expander liquefaction cycle, a robust and flexible liquefaction technology in use in the LNG industry.
- MOU with leading FLNG technology provider **FLEX LNG** for Floating LNG located offshore NSW
  - Has signed four ship building contracts for LNG Producer hulls and a contract for the EPCIC of the floating liquefaction unit with Samsung Heavy Industries in Korea



# 2010 year in review – Corporate

## Corporate activities:

- Moved to 100% ownership and operational control of all exploration permits
- Completed highly successful, oversubscribed \$25m Share Purchase Plan to accelerate exploration, appraisal and development programme
- Transition to commercialisation - appointment of Peter Henderson as new Managing Director scheduled to commence calendar 2<sup>nd</sup> quarter 2011
- Transition to commercialisation – appointment of Mr Nick Heath as new Chairman

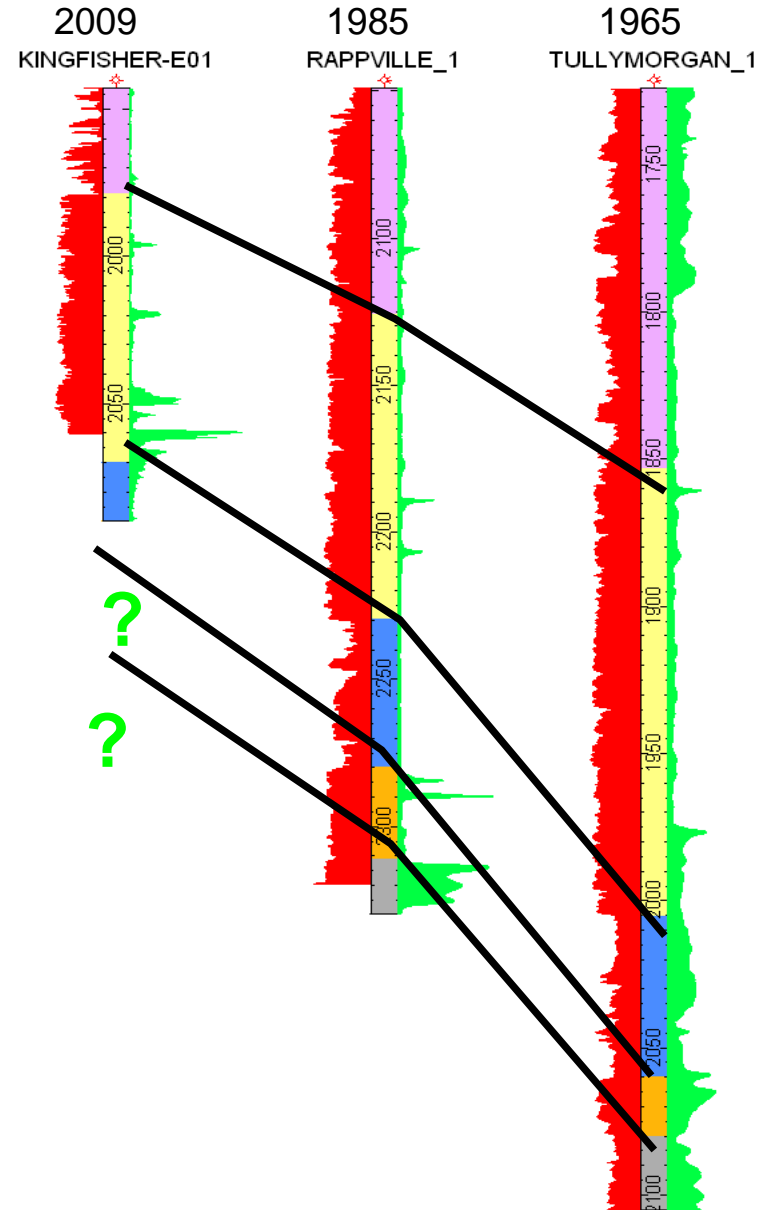
## Stakeholder activities:

- Continued focus on high environmental standards - no reportable environmental incidents since IPO
- Continued focus on health and safety – milestone of 365 days LTI free
- Supported & sponsored various community activities, including:
  - Metgasco family day at Beef Week
  - Bentley art show
  - Starlight Children’s Christmas party
  - Northern Rivers Science & Engineering Challenge



# 2011 Program - Exploration

- The Clarence Moreton Basin is highly prospective for large tight gas reservoirs
- Prior to Metgasco Kingfisher E1, In central basin high trend last well was Rappville (1985). Significant because;
  - Prior to tight gas era
  - older wells were drilled for oil - drilling fluids would have mudded off significance of gas shows.
  - Gas focus - different reservoir parameters
  - Improved drilling & completion methods
- Planning has commenced for KE02
  - Drill to ~ 2700m to test deeper Ipswich and Nymboida formations, collect additional data for design of optimal production wells

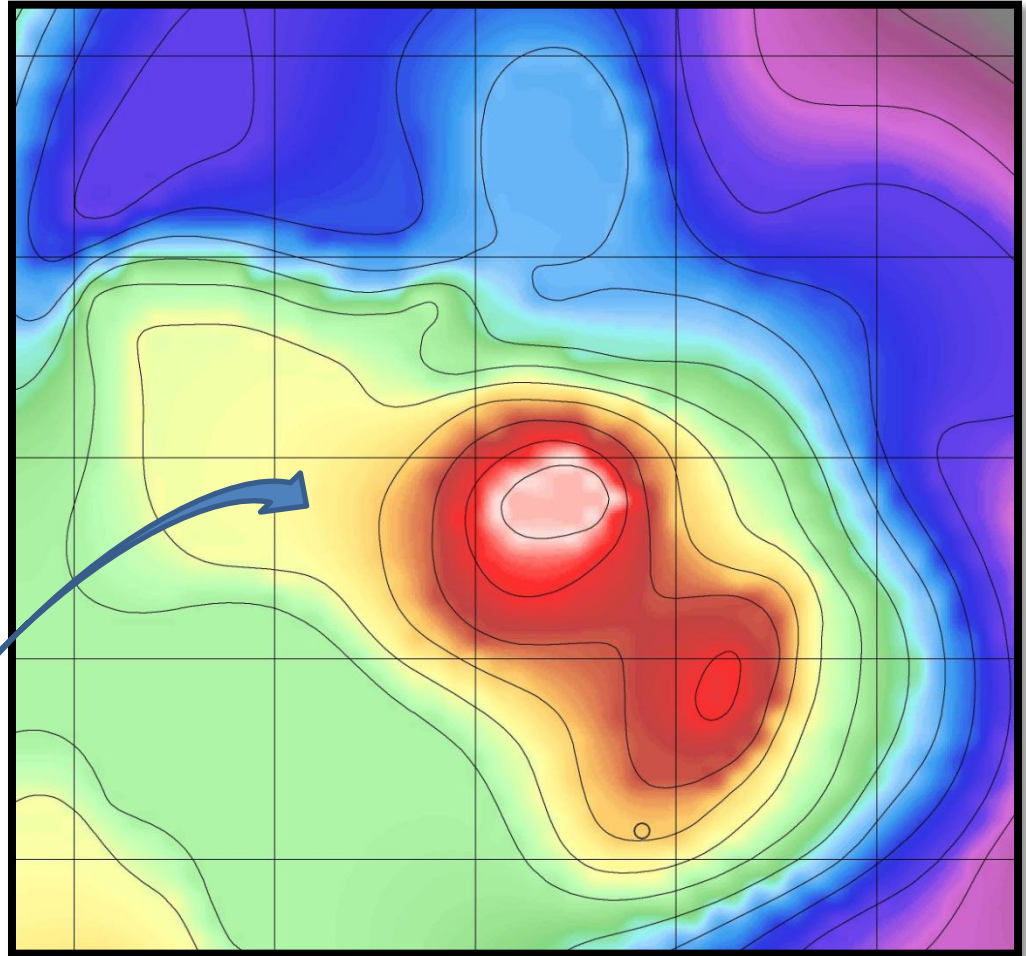




# 2011 Program - Exploration

- Complete 2010 2D seismic program
- Central Basin High - Volumetrics for Kingfisher-Mackellar, relationship Kingfisher – Rappville.
- Improve analysis of other Prospects and leads
  - CSG – Eden Creek Trend
  - Conventional – Coaldale, Wedgetail leads

Rappville Prospect : 363 Bcf  
Pre drill OGIP estimate



Gatton Deterministic evaluation using:  
Net pay (m) -30.4, Porosity (%)13, 1-SW (%) 58  
1/Bg 115, Area (km2) 31.8  
Ripley Road Deterministic evaluation using:  
Net pay (m)5.28, Porosity (%)14, 1-SW (%)56,  
1/Bg 190, Area (km2)20.

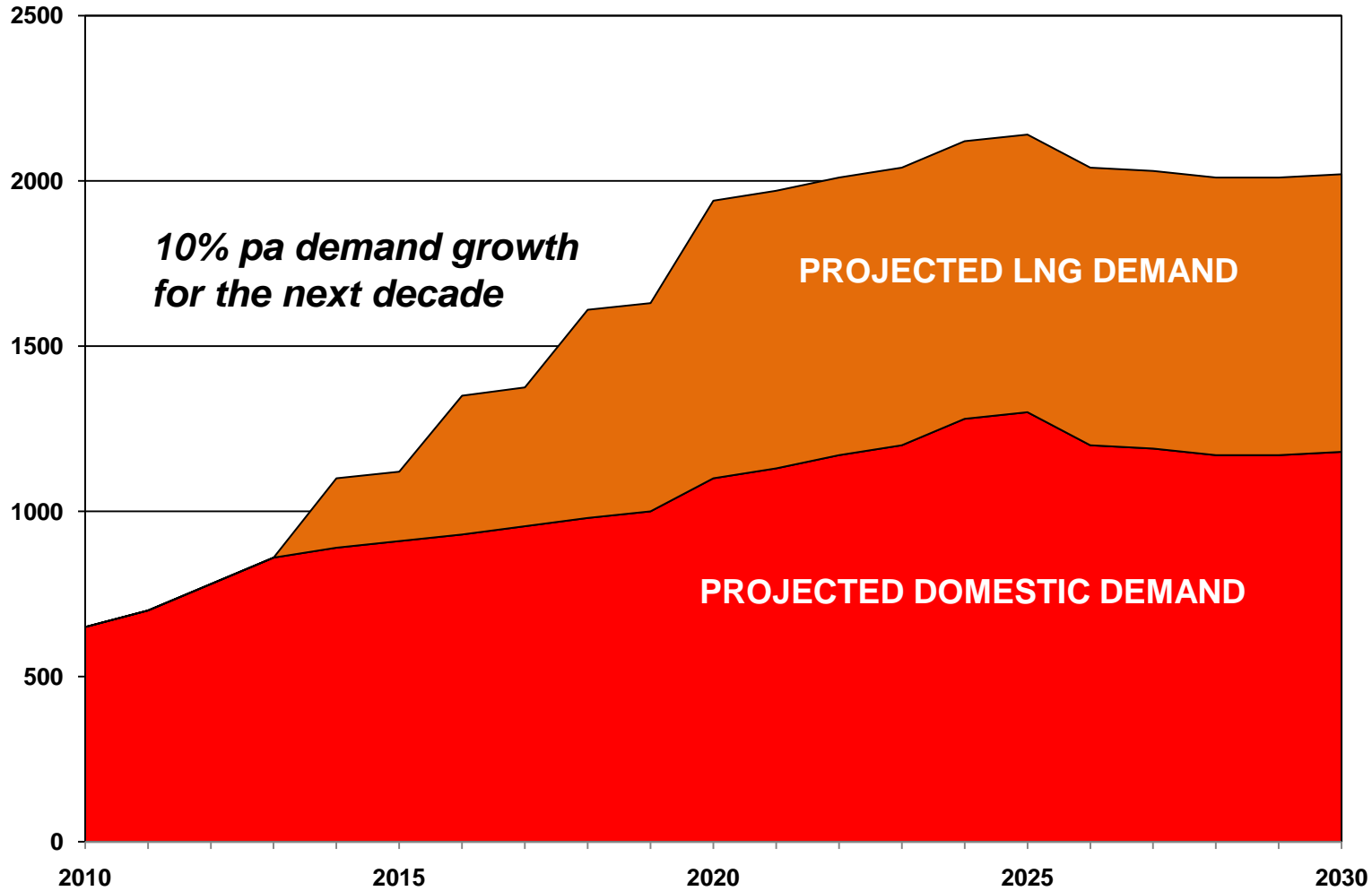
# 2011 Program – Infrastructure and markets

- FID RVPS
  - Embedded energy supply for northern rivers – reducing need to import coal fired electricity:
  - Sufficient power to supply 30,000 residential households in the northern river region
  - Clean energy - Generates 627t CO<sub>2</sub>-e/GWh, effective abatement of 72,320 tonnes CO<sub>2</sub> pa from displaced electricity production
  - Very low SO<sub>x</sub> emissions
  - Estimated Capex \$40 million, Construction employment: 50 , Ongoing employment 10
- Local gas sales
  - Provide direct to customers a competitive alternative to existing bottled gas and electricity supply



# 2011 Program – Infrastructure and markets

## Eastern Australia Gas Demand Growth





# 2011 Program – Infrastructure and markets

- Reviewing economic, technical, environmental & social implications of LNG options
- Ability to supply conventional & CSG to export LNG facility
- Undertake feasibility studies for two export type LNG projects:
  - Floating LNG Production located offshore with leading FLNG technology provider FLEX LNG
  - Extension of Lions Way Pipeline & export gas from Gladstone with LNG Ltd



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Question and answer session

