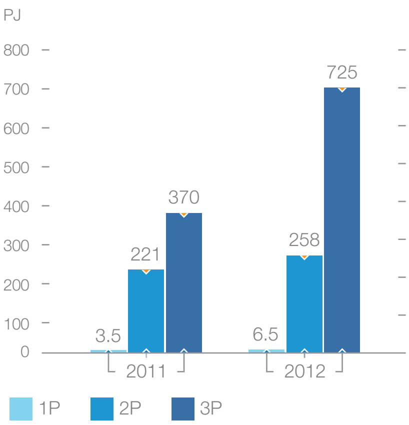
Annual Report 2011–2012
WESTSIDE CORPORATION LIMITED

GENERATING
MOMENTUM

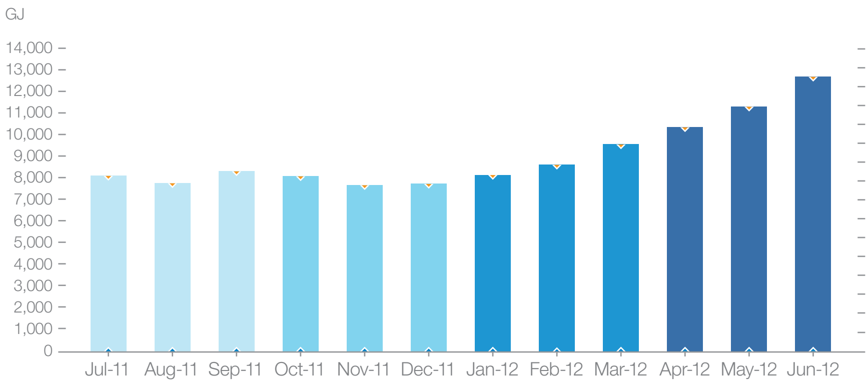
Contents

GENERATING MOMENTUM

Net Reserves Growth



Meridian SeamGas Average Daily Production 2012



Excludes fuel gas consumed in production process
WestSide is the operator with a 51% interest

WestSide achieved significant momentum during FY2012 when the Company's strategic focus on increasing production and reserves at Meridian SeamGas began to deliver outstanding results.

Increased 3P certified reserves

Increased net certified reserves across all categories with 3P reserves up 96% to 725PJ, 2P reserves up 17% to 258PJ and 1P reserves up 86% to 6.5PJ

96%

47%

Increase in June quarter production on same period last year

1,000,000 scf/d production rate

Two of seven new dual-lateral wells at Meridian achieved production rates of more than 1,000,000 scf/d

8.2%

Increased sales revenue

WestSide's FY2012 net sales revenue was up 8.2% on the previous year's to $5.94 million

Subsequent to year end WestSide launched a new production drilling program at Meridian, commenced work on a pilot water treatment project and finalised plans for installing compression boosters to further increase production and reserves.

42%

Increased share price

WestSide's share price increased 42.5% during FY2012.

WestSide Corporation Limited is an ASX-listed company with interests in a diversified portfolio of coal seam gas projects in Queensland. The Company is a significant gas producer and participant in Australia's east coast energy market with established reserves and production.

CSG producer & explorer

COMPANY PROFILE

WestSide operates the Meridian SeamGas fields west of Gladstone in Queensland's Bowen Basin in joint venture with major Japanese trading house subsidiary, Mitsui E&P Australia. These fields, in which WestSide has a 51 per cent interest, are now producing at an annualised rate of approximately 5 Petajoules of gas a year and the Company is moving aggressively to expand production, sales and certified reserves.

Elsewhere in the Bowen Basin, WestSide has established certified CSG reserves for two of its projects, Paranui and Tilbrook and the Company is working to prove up further reserves within surrounding tenements with its joint venture partners QGC and Mitsui E&P Australia.

WestSide is focused on executing its strategy of commercialising known gas assets, identifying and proving up new reserves and seeking new commercialisation opportunities.

The Company is well positioned with strong international partners, quality assets and experienced leadership to take advantage of the potential value of its resources. WestSide is pursuing marketing opportunities to downstream industrial applications and has access to Australia's domestic east coast gas market and the emerging export LNG industry in Queensland.

PROJECT PORTFOLIO

Bowen Basin

Meridian SeamGas CSG gas fields – *Southern Bowen Basin*

- 160 km west of Gladstone
- Operator with 51% interest in joint venture with Mitsui E&P Australia
- Delivering gas to Queensland domestic customers
- Certified 1P, 2P and 3P reserves
- PL 94 and gas rights over Mining Leases and infrastructure
- Seams targeted – Baralaba Coal Measures and Kaloola Formation
- Production focus
- Immediate development status

ATP 769P
Southern Bowen Basin

- Adjacent to the Meridian SeamGas CSG fields
- Operator with 25.5% interest in joint venture with QGC and Mitsui E&P Australia
- Paranui – Certified 3P Reserves
- Seams targeted – Baralaba Coal Measures and Kaloola Formation
- Appraisal focus
- Medium term development status

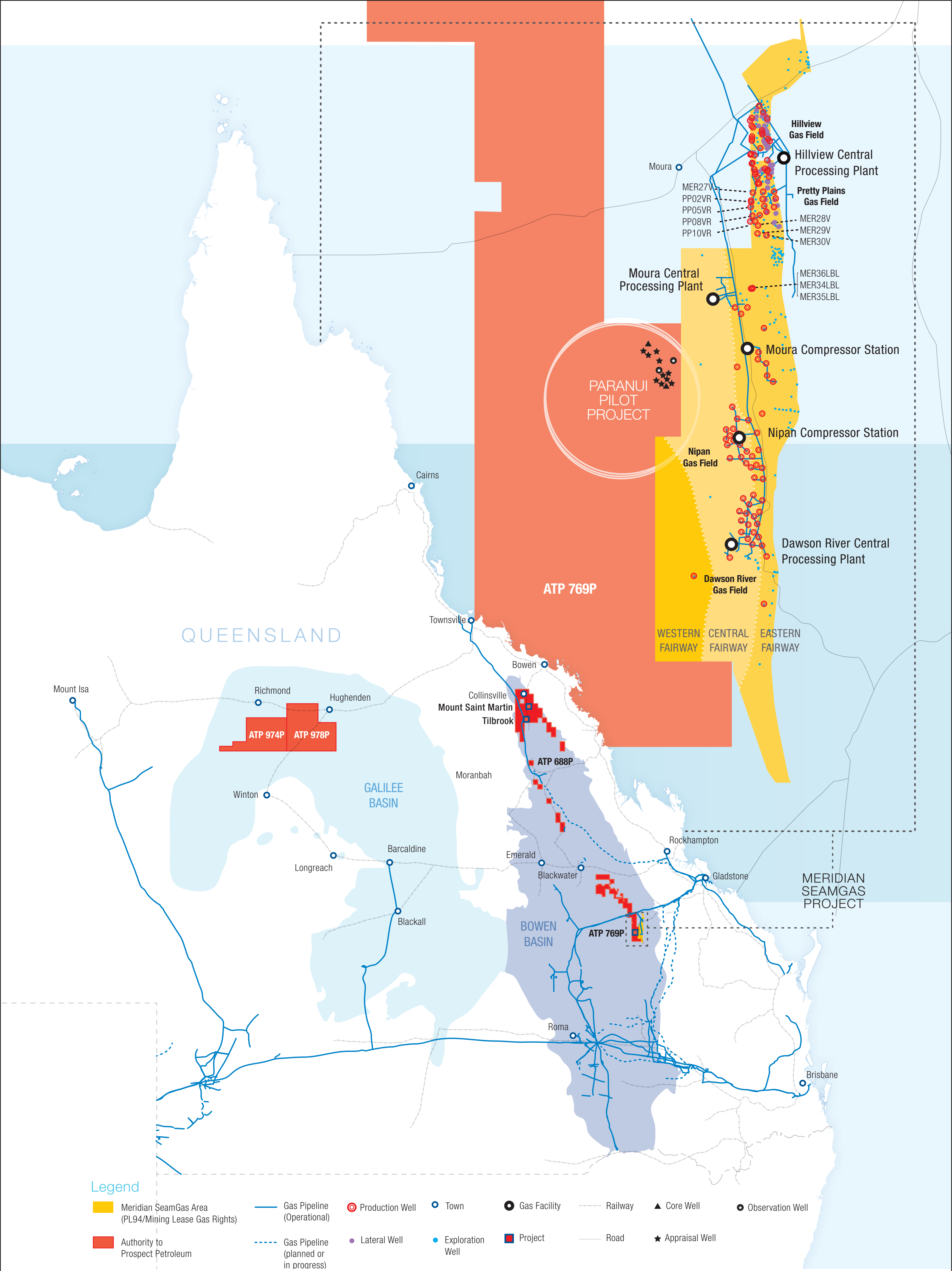
ATP 688P
Northern Bowen Basin

- Adjacent to pipeline to Townsville
- Operator with 25.5% interest in joint venture with QGC and Mitsui E&P Australia
- Tilbrook – Certified 3P Reserves
- Mount St Martin – initial reserves evaluation underway
- Seams targeted – Moranbah Coal Measures
- Appraisal focus
- Medium term development status

Galilee Basin

ATP 974P & ATP 978P
Northern Galilee Basin

- Equidistant from Mt Isa and Townsville
- Operator with 51% interest in joint venture with Mitsui E&P Australia
- Seams targeted – Betts Creek and Aramac Coal Measures
- Exploration focus
- Long term development status


Hillview Gas Field
Hillview Central Processing Plant
Moura
MER27V
PP02VR
PP05VR
PP08VR
PP10VR
Pretty Plains Gas Field
MER28V
MER29V
MER30V
Moura Central Processing Plant
MER36LBL
MER34LBL
MER35LBL
Moura Compressor Station
PARANUI PILOT PROJECT
Nipan Compressor Station
Nipan Gas Field
Cairns
Dawson River Central Processing Plant
Dawson River Gas Field
ATP 769P
Townsville
QUEENSLAND
WESTERN FAIRWAY
CENTRAL FAIRWAY
EASTERN FAIRWAY
Bowen
Mount Isa
Richmond
Hughenden
Collinsville
Mount Saint Martin
Tilbrook
ATP 974P
ATP 978P
ATP 688P
Moranbah
Winton
GALILEE BASIN
Rockhampton
Barcaldine
Emerald
Longreach
Blackwater
Gladstone
MERIDIAN SEAMGAS PROJECT
Blackall
BOWEN BASIN
ATP 769P
Roma
Brisbane
Legend
Meridian SeamGas Area (PL94/Mining Lease Gas Rights)
Authority to Prospect Petroleum
Gas Pipeline (Operational)
Gas Pipeline (planned or in progress)
Production Well
Lateral Well
Town
Exploration Well
Gas Facility
Project
Railway
Road
Core Well
Appraisal Well
Observation Well

In addition to bringing 10 new wells into production, significant resources were concentrated on maintenance, repairs and well workovers to offset natural field decline and rejuvenate underperforming and dormant wells.

GOALS AND ACHIEVEMENTS

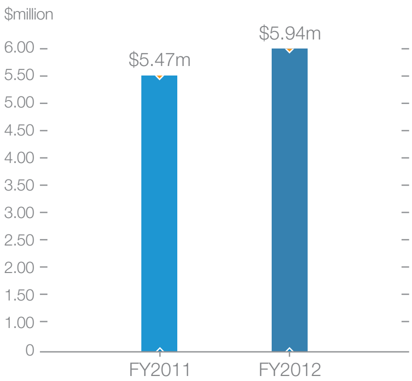
2011–2012 GOAL	2012 RESULT	CURRENT STATUS
INCREASE PRODUCTION		
Increase production/sales from the Meridian SeamGas CSG fields towards 25 TJ/day by end 2012	Completed 5 new wells and increased average daily sales by 53.4% to 13.5 TJ/d in June 2012	Platform for continuing production ramp up established
INCREASE CERTIFIED RESERVES		
Increase Meridian SeamGas 2P reserves through enhanced recovery from fields	Added 37 PJ of 2P reserves (+17%) and 355 PJ of 3P reserves (+96%) net to WestSide	Achieved with further potential in FY2013
Demonstrate sub-1,000m production to unlock deep potential in PL94 and ATP 769P	Planning and approval of test work underway	Sub-1,000m well cased and suspended pending test work
Certify 2P and 3P reserves in ATP 769P and ATP 688P (and establish initial certification at Mount Saint Martin)	Detailed design, environmental and stakeholder approvals completed	Awaiting joint venture approvals to commence drilling
New exploration campaign in the Galilee Basin tenements	Two wells drilled and environmental and stakeholder approval process for new well sites commenced	Drilling program deferred
PETROLEUM LEASES		
Apply for Petroleum Leases within ATP 769P and ATP 688P, subject to production pilot results	Initial production test completed in ATP 769P. Decision taken to trial lateral technology in ATP 688P	Project plan for PL applications prepared
COMMERCIALISATION		
Secure long term future Gas Supply Agreements and down-stream processing opportunities	Issued term sheets in response to gas supply requests and commenced negotiations. AGL exercised option to extend existing contract to 2015	Negotiations continuing on multiple opportunities
Conduct exploration in previously unexplored areas of existing tenements	Seismic program conducted in northern region of ATP 769P and investigated commercialisation options	Awaiting joint venture approvals to commence drilling

Production and sales

	30 JUNE 2012	30 JUNE 2011	CHANGE %
Gross Operated			
Production *(GJ)*	3,307,017	3,085,075	7.2
Gas Sales *(GJ)*	3,541,144	3,457,761	2.4[1]
Net to WestSide (51%)			
Production *(GJ)*	1,686,578	1,573,388	7.2
Gas Sales *(GJ)*	1,805,983	1,763,458	2.4
Revenue *($m)*	5.94[2]	5.47	8.2

1 Decline in third party gas for resale restricted sales growth
2 Includes compensation payments for lost production as a result of mining activity

Net Sales Revenue



Increased sales revenue

8.2%

WestSide's FY2012 net sales revenue was up 8.2% on the previous year's to $5.94 million

Subsequent to year end WestSide launched a new production drilling program at Meridian, commenced work on a pilot water treatment project and finalised plans for installing compression boosters to further enhance production.

47%

increase in June quarter production on same period last year

2012–2013 GOALS

INCREASE PRODUCTION

- Increase production/sales from the Meridian SeamGas fields towards 25 TJ/day
- Demonstrate next generation of well development techniques in Bowen Basin coal measures
- Optimise surface facilities to increase gas recovery

INCREASE CERTIFIED RESERVES

- Increase Meridian SeamGas reserves using technology and techniques to enhance gas recovery
- Certify additional reserves in ATP 769P and ATP 688P

PETROLEUM LEASES

- Prepare Petroleum Lease applications for ATP 769P and ATP 688P, subject to production pilot results

COMMERCIALISATION

- Secure long term future Gas Supply Agreements
- Assess down-stream processing opportunities

SUSTAINABILITY

- Upgrade water handling and treatment infrastructure
- Establish arrangements for beneficial reuse of treated water

96%

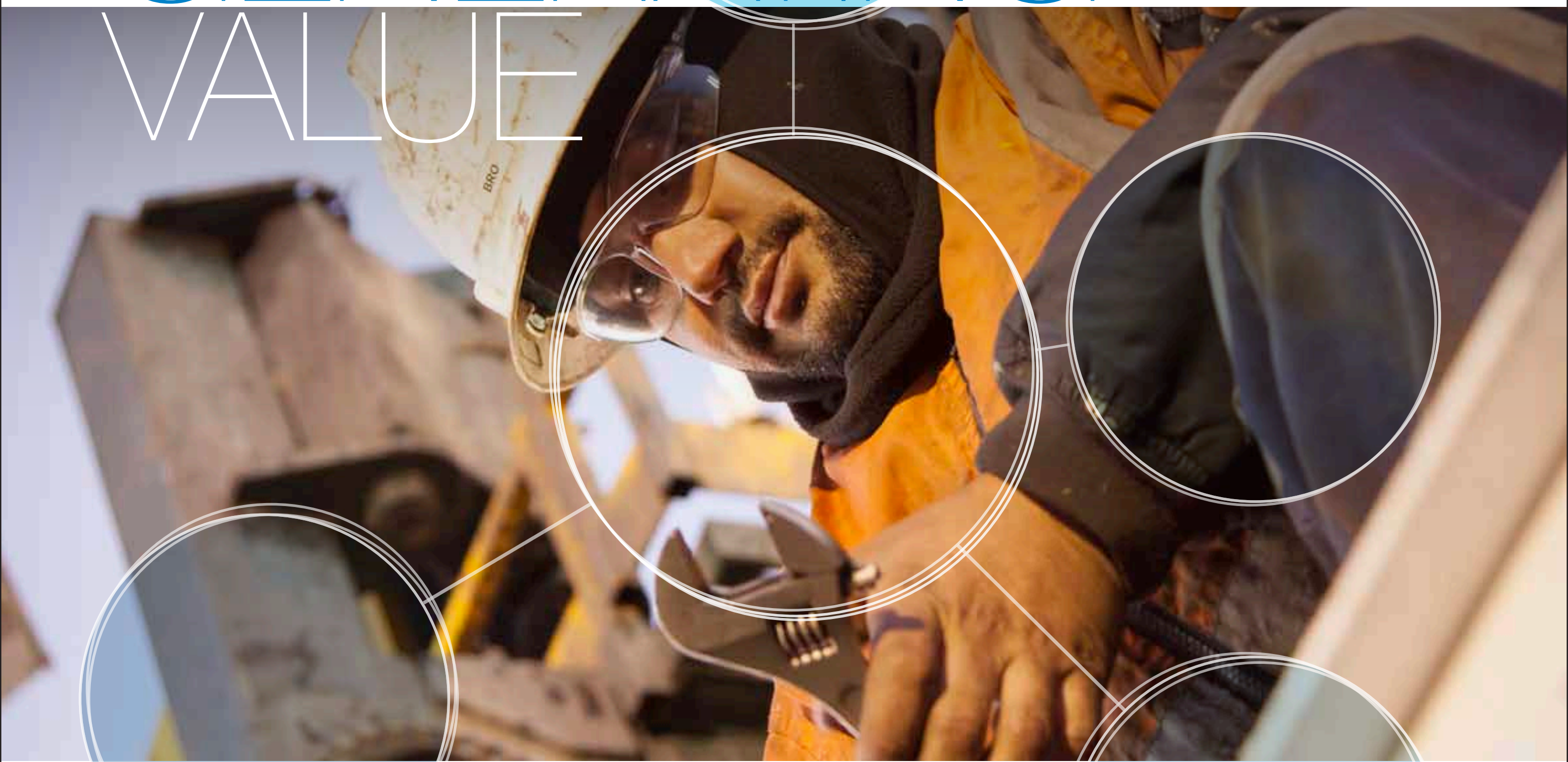
Increased 3P certified reserves

Reserves net to WestSide

PROJECT	SHARE %	1P (PJ)	2P (PJ)	3P (PJ)	RESOURCE (PJ) GIP[1]
Meridian[2]	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
Total		**6.5**	**258**	**725**	**14,887**

1 *Internal estimate of GIP*
2 *Meridian 2P reserves to 800m and 3P reserves to 1,350m*

GENERATING VALUE



Production during the second half of the financial year achieved an impressive upward trend, reflecting the success of our well work-over programs and rising contribution from newly drilled wells which accounted for approximately 35 per cent of gas sales at the end of the period.

Chairman's report

WestSide's reserves base significantly expanded across all categories during the year, generating significant shareholder value at low cost.

The 2012 financial year saw WestSide consolidate its position as a CSG production and exploration company and achieve significant momentum in its quest to unlock the latent value within the Meridian SeamGas business at Moura in Queensland's Bowen Basin.

In recognition of WestSide's success in this endeavour, the Board received an indicative takeover proposal from Liquefied Natural Gas Limited (LNGL) in February 2012 and granted LNGL and associated parties non-exclusive access to conduct due diligence.

At the time of preparing my remarks for this annual report no set timeframe had been established for completion of this process and there is no guarantee that a binding takeover offer will subsequently be made. WestSide will keep shareholders informed of any material developments.

WestSide successfully operated Meridian SeamGas for a second full year, generating increasing revenues for our joint venture with Mitsui E&P Australia while continuing to develop the gas fields in collaboration with all stakeholders.

Much of the Board's time was necessarily devoted this year to ensuring the Company's capital needs were met and that all available strategic options were carefully considered and evaluated following receipt of LNGL's indicative takeover proposal in February.

The Company successfully raised an additional $25.4 million of capital via a 2-for-5 rights issue and the level of support from existing shareholders was so strong that the underwriting arrangements put in place were not required and some applications under the Top Up Facility had to be scaled back.

The Board remains focused on growing value by acting at all times in the strategic, long-term best interests of the Company and shareholders.

Production during the second half of the financial year achieved an impressive upward trend, reflecting the success of our well work-over programs and rising contribution from newly drilled wells which accounted for approximately 35 per cent of gas sales at the end of the period.

WestSide generated $5.94 million in annual revenue from its share of Meridian's gas sales – up 8.2% on 2011 – and receipts are expected to increase again this year as production rises, putting further downward pressure on operating costs per gigajoule.

WestSide's reserves base also significantly expanded across all categories during the year, generating significant shareholder value at low cost through the certification of previously excluded coal seams at Meridian and recognition of production from new and rejuvenated wells.

However, the strategic decision to focus the Company's resources on increasing production at Meridian has meant that some work programs within WestSide's other pipeline of CSG projects in the Bowen and Galilee basins did not proceed as anticipated.

WestSide is Australia's only CSG junior with revenues from production, un-leveraged gas fields and associated infrastructure, pipeline access and drilling capabilities. Our core Meridian operation is also strategically located to take advantage of the export LNG and domestic gas supply opportunities available.

Our focus will remain on reducing costs while increasing production. However, the Meridian operation is already on the cusp of breaking even at current gas prices which are forecast to more than double to between $7 and $9 a gigajoule in the next few years.

The Board remains focused on growing value by acting at all times in the strategic, long-term best interests of the Company and shareholders. I believe WestSide remains well positioned to benefit from rising demand for domestic gas and feedstock for export LNG and the higher pricing that this growth is expected to generate.

WestSide has also built a talented team of internationally experienced oil and gas professionals who have provided the Company with an innovative edge.

On behalf of the Board, I would like to thank all members of the WestSide management team, our employees, our joint venture partners and contractors for their valued contribution and look forward to another exciting year ahead.

Thank you for your continued support,

Angus Karoll
Executive Chairman

GENERATING VALUE

WestSide's efforts continued to create significant shareholder value, assisting the Company to raise an additional $25.4 million to fund growth amid tough equity market conditions.

Chief executive's report

During 2012 we concentrated on establishing commissioning protocols and tested new completion technologies to enable new wells to be brought reliably into production now and in the future.

Following on from the successful reserves expansion and production drilling campaigns in 2011, focus shifted to the consolidation of WestSide's capability as Meridian SeamGas operator to commission new wells and increase production.

In addition to bringing 10 new wells into production, significant resources were concentrated on maintenance, repairs and well work-overs to offset natural field decline and rejuvenate underperforming and dormant wells.

As a result, total production for the year was up 7.2 per cent on 2011, continuity of supply to customers was maintained and already high equipment reliability was further improved.

Work also progressed on a range of other key Meridian projects including field development, increasing reserves, facilities optimisation and a new water treatment strategy to bring Meridian's operations into compliance with new CSG industry standards governing produced water.

In addition to drilling two wells in the Galilee Basin, activity within our other exploration tenements focused on securing approvals from landholders and indigenous groups, as well as conducting environmental audits, to facilitate the next drilling programs.

Some scheduled work at WestSide's CSG exploration projects did not proceed as planned for a range of reasons, including a strategy to focus resources on Meridian, the intervention of wet weather and delays in obtaining various planning and expenditure approvals, but this work will continue as appropriate during 2013 financial year.

Throughout an extended period of uncertainty following receipt of Liquefied Natural Gas Limited's indicative takeover proposal in February, WestSide's management team remained focused on achieving set business targets and completing work programs that would continue to add value to the Company's assets.

These efforts continued to create significant shareholder value, assisting the Company to raise an additional $25.4 million to fund growth amid tough equity market conditions. Significantly, WestSide's share price also rose 42.5% during the year across the expanded capital base.

Focus on production

As operator of the Meridian SeamGas business, WestSide has continued to show how the application of innovative techniques and technologies can overcome the significant challenges to production of CSG in the Bowen Basin.

During 2012 we concentrated on establishing commissioning protocols and tested new completion technologies to enable new wells at Meridian to be brought reliably into production now and in the future.

The commissioning of seven new dual-lateral well sets underpinned WestSide's 2012 growth strategy to develop additional production capacity at Meridian SeamGas and increase sales toward 25 TJ/d.

Following the successful trial of a pump capable of operating in a horizontal position within an existing unfinished lateral well, another two up-dip blind lateral wells were drilled, completed and placed on pump – taking the new well total to 10.

Key Achievements

Commissioned 10 new Meridian production wells – two achieving flows of 1 million scf/d

Increased June quarter production by 46.9% on the same period in 2011

Worked over 41 wells to deliver more than 3 TJ/d of additional production

Generated gas sales revenue of $5.94 million for WestSide – up 8.2% on 2011

Increased net 3P reserves by 96% to 725 PJ and 2P reserves by 17% to 258 PJ

Raised $25.4 million via rights issue in difficult equity market

Received $13.4 million from Mitsui for 49% of Bowen and Galilee basin tenement interests

Extended gas contract with AGL to 2015

Granted new Environmental Authority for PL94

Executed Cultural Heritage Investigation and Management Agreement with the Gangulu People

These new wells started to deliver significant gas volumes in late 2011 and by the end of the June quarter 2012 were producing around 4.6 TJ/d or approximately 35 per cent of total production, which reached a high for the year of 14 TJ/d after excluding fuel gas.

Two of the new dual-lateral wells achieved impressive sustained flow rates of more than 1 million scf/d and three others exceeded 675,000 scf/d. The remaining two lateral well-sets have yet to generate significant gas flows.

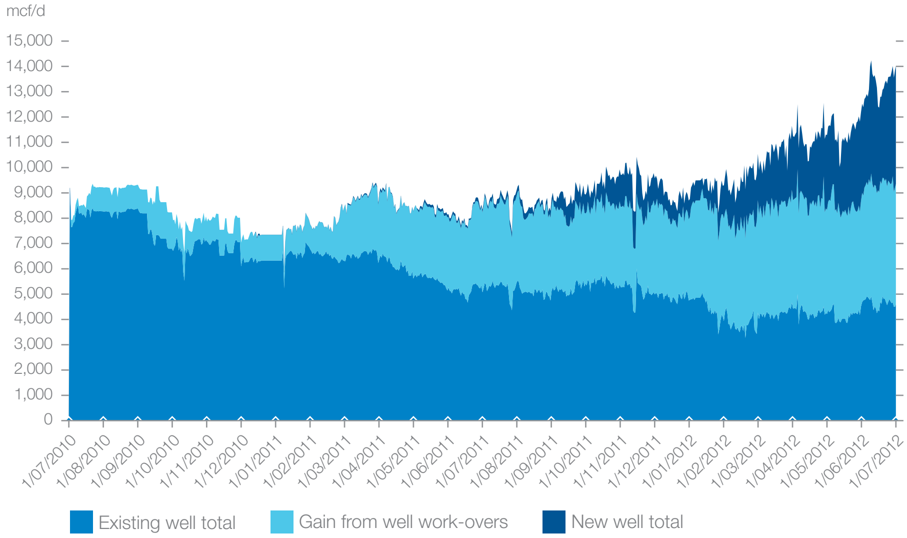
The prevalence of coal fines continued to complicate the dewatering phase on new wells, prompting WestSide to seek new pumping technology able to cope more efficiently with the solids. A subsequent trial of a new gas lift pump at Meridian proved to be very successful.

It is now planned to extend this pump completion style across the Meridian field on a gradual basis and also test the system on one of the Paranui pilot wells in the adjacent exploration tenement, ATP 769P, where the ingress of fines has also proved problematic.

The successful application of improved lateral drilling technology and the new gas lift pumping completion have now further confirmed the joint venture's ability to reliably drill and commission new high-producing wells.

A second production drilling program involving one up-dip blind lateral and another three dual-lateral wells is now underway with the aim of continuing the upward trend in production.

Meridian SeamGas production progress



Work-overs on another 34 under-performing wells and seven dormant wells resulted in recovered production during the year of more than 3 TJ/d. The joint venturers are now preparing to refurbish and remediate 10 more existing wells and bring another eight dormant wells back into production.

Re-entering these wells will involve the application of technologies widely applied in the United States to restore production from old wells at costs significantly below those for drilling new wells. Installation of booster compressors to lower the back pressure on wells will further enhance production and reserves from these existing wells.

The graph on this page (left) clearly illustrates the impact (in light blue) of WestSide's work-over program in arresting field decline (in mid-blue) through production improvements from well interventions and maintenance. The dark blue area shows the dramatic production lift coming from the new wells.

Meridian reserves increase

Building on the highly successful 10–well brownfield reserves expansion program completed at Meridian in May 2011, WestSide worked closely with MHA Petroleum Consultants LLC in early 2012 to deliver another significant increase in the Company's net certified reserves across all categories.

As a result 3P reserves rose 96% or 355 PJ to 725 PJ, 2P reserves increased 17% or 37 PJ to 258 PJ, and 1P reserves leapt 86% to 6.5 PJ.

This Meridian reserves report was commissioned as part of a regular review of WestSide's asset base following completion of the large work program of exploration, production well drilling and production work-overs in 2011. Meridian's previously uncertified shallower seams between 200 metres and 800 metres were included as were deeper seams to depth of 1,350 metres.

In last year's annual report I referred to a corporate transaction within Australia's CSG sector which had valued 2P and 3P gas reserves being acquired at more than A$0.80 a GJ and A$0.50 a GJ respectively.

These metrics imply that the additional reserves referred to above would be worth about $30 million on a 2P basis or more than $175 million on a 3P basis.

The recognition of 3P reserves in the newly certified upper seams, as well as in the deeper seams to a depth cut-off to 1,350 metres, also provides substantial further upside for reserves maturation and growth.

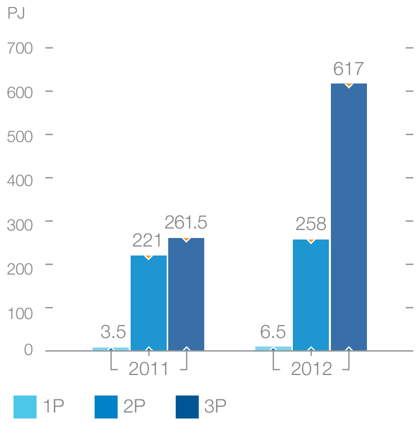
Meridian strategy

Given the low-cost development profile and access to gas transport infrastructure, WestSide's near term objective remains to boost Meridian SeamGas production and sales while continuing to increase the field's certified reserves position.

A business plan has been developed that matches field development and production ramp up with emerging opportunities to supply domestic and export LNG customers after the current contractual commitments expire in 2014–15.

The coals in the Meridian SeamGas field offer a range of options for development of a further 200 or more wells within three distinct fairways. All three areas have demonstrated long-term producing wells or promising pilots, even in the deeper seams to 1,350 metres. Infield drilling utilising existing infrastructure to increase production also remains a cost effective option.

Meridian Reserves Net to WestSide



Additional reserves

In the medium term WestSide plans to progress its Paranui pilot project in ATP 769P, due to its proximity to the Meridian field's infrastructure, and the Mount Saint Martin and Tilbrook pilot projects in ATP 688P.

The aim is to deliver long term sustainable gas flows at the lowest possible drilling and completion costs and work toward certification of 2P reserves to support Petroleum Lease applications.

The detailed design, environmental and stakeholder approvals are being progressed for a four-well exploration program in the northern area of ATP 769P, for drilling in FY2013. The joint venture is also progressing with a series of 2D seismic lines across the tenement to accurately define the structure and hopefully identify new exploration targets in deeper areas.

At Mount Saint Martin in ATP 688P the joint venturers plan to drill two lateral wells in FY2013 to intersect the existing MSM2 and MSM4 vertical wells. Testing of these lateral wells will aim to demonstrate production for an initial reserve certification to add to the Tilbrook reserves and support a Petroleum Lease application and commercialisation of the area.

Meridian SeamGas currently has gas available for sale under contract to domestic and other users from 2014–15.

The Galilee Basin tenements ATP 974P and ATP 978P have provided the Company with a longer term reserves-growth focus. Complications in readying the contracted drilling rig for mobilisation in the September quarter delayed the initial grassroots exploration program. This truncated program was then suspended as the wet season approached in late 2011 before meaningful results were obtained.

Environmental and stakeholder approvals have commenced at drilling sites for the next exploration program in ATP 974P and ATP 978P, however, the commencement of drilling is currently deferred to allow attention to other priorities.

Markets

During the year the Meridian SeamGas joint venturers pursued opportunities to negotiate gas supply agreements with LNG projects at Gladstone reflecting export parity pricing, as well as new domestic gas sales contracts to commence when our current contracts expire.

Supply contracts based on international oil-linked pricing, such as one struck between Origin Energy and the Santos-backed GLNG project in May 2012, confirmed predictions that domestic gas prices would need to rise significantly to match LNG export-related returns on offer.

According to the Australian Government's Bureau of Resources and Energy Economics (BREE), an oil price of US$100 a barrel equated to an oil-linked net-back gas price of about $7 a GJ ex-field.

Submissions from industrial gas users to the Queensland Government's 2012 Gas Market Review generated media headlines this year warning of a looming shortage of gas available for domestic use from 2015. The solution commonly proffered was a domestic gas reservation policy.

However, BREE noted in its July 2012 Gas Market Report that a domestic gas reservation policy would ultimately crimp new investment in the development of gas reserves and put upward pressure on prices while allowing market forces to prevail would encourage investment and work to lower them over time.

"While the Eastern gas market is likely to tighten over the next five years, overall gas availability does not appear to be the issue," the BREE report concluded. "Rather, it appears to be a question of price."

WestSide concurs with this view as Meridian SeamGas currently has gas available for sale under contract to domestic and other users from 2014–15.

Relationships

WestSide is committed to developing and maintaining a strong relationship with the Dawson Mine joint venture, Anglo Coal and Mitsui Moura Investment, on whose mining lease the Company now operates as part of the Meridian SeamGas operations under a co-development agreement. This was most evident earlier in 2012 when it came to negotiating a mutually beneficial agreement allowing the Dawson Mine to accelerate mine development in one area without reducing value in the Meridian operations.

WestSide also continued to foster a close working relationship with Meridian JV partner Mitsui E&P Australia after the alliance was extended to include the Company's Galilee and Bowen basin tenements.

Key features of the joint venture relationships, with Mitsui E&P Australia in all joint ventures and QGC in the Bowen Basin exploration joint ventures, are the regular technical committee meetings to coordinate and plan work programs. This promotes sharing of technical and planning expertise to optimise results.

As a gas producer, WestSide nurtured its relationship with gas customer AGL Energy with a view to increasing production and sales, while seeking to forge links with potentially new domestic and export-focused customers.

Most importantly, WestSide sought to maintain strong relationships with key community stakeholders upon whom our social licence to operate depends so much, including land owners, local government representatives, and community and indigenous groups.

Regulation

One of the challenges confronting WestSide has been to ensure Meridian SeamGas is compliant with Queensland's changing safety regulations and new environmental laws governing CSG water management, because the business was developed largely under long standing regulations applicable to petroleum and mining.

During the year WestSide developed and commenced implementation of a Transitional Environmental Plan to bring dam construction standards for PL94 into compliance with the new policy. The joint venture also progressed an exciting water treatment pilot that promises to deliver water suitable for beneficial use at well below the cost of reverse osmosis technologies alone.

The cost of regulatory compliance has continued to rise and remains a concern if not addressed. Our industry not only needs, but deserves, certainty from Government regarding the regulatory regime governing CSG exploration to ensure that development of exploration tenements can be undertaken economically and in a timely fashion so as not to put assets at risk while continuing to protect the environment.

> During the year ahead we will continue to focus on ramping up production and developing reserves at Meridian to underpin new Gas Sales Agreements, while improving efficiency and reducing costs to become a low cost operator.

Recent government changes have been encouraging and there is more to be done in this area. WestSide is contributing toward the development of concepts for both red and green tape reduction in collaboration with industry and governments alike.

One of the most vexing regulatory matters facing junior explorers relates to overlapping tenures with coal mining companies. Despite the adoption of a collaborative approach toward development of a new policy White Paper this year, value created through exploration activities within Authorities to Prospect appears to have been disregarded when it comes to compensation.

WestSide will continue to work alongside other similarly concerned companies to ensure the new legislation provides fair and reasonable solutions and does not create any significant impediments for future investments to transition from an ATP to a Petroleum Lease and underpin domestic and other gas options.

25 TJ/d
initial production target

Meridian's gas production can be expected to generate increasingly significant cash flow for WestSide as production rises toward our initial 25 TJ/d target.

Outlook

During the 2012 financial year WestSide consolidated its reputation as a reliable CSG producer with the skills and resources to successfully drill, complete and commission new wells into production in a commercially viable and sustainable manner.

We also significantly enhanced the joint venture's understanding of the regional geology at Meridian SeamGas and developed a full field development plan using state-of-the-art reservoir modelling technology to process and interpret the vast amount of data collected over the past 15 years.

We now look forward to executing new Gas Sales Agreements with confidence to supply domestic and export LNG customers at substantially higher prices than the market has been prepared to pay in the past, with market conditions for suppliers improving as time progresses.

During the year ahead we will continue to focus on ramping up production and developing reserves at Meridian to underpin new Gas Sales Agreements, while improving efficiency and reducing costs to become a low cost operator. At the end of the financial year Meridian's production operations were on the cusp of breaking even on a cash basis at current gas prices, excluding remedy payments.

Meridian's gas production can be expected to generate increasingly significant cash flow for WestSide as production rises toward our initial 25 TJ/d target and revenues benefit from anticipated price increases beyond 2014.

I, along with all employees and contractors of WestSide, am committed to maintaining high safety standards in all WestSide operations and striving always to minimise environmental and community impacts of our activities.

WestSide remains strategically well positioned for growth as we concentrate on developing Meridian SeamGas's full commercial potential and unlocking the value within our other exploration tenements for the benefit of WestSide shareholders and all stakeholders.

Dr Julie Beeby
Chief Executive Officer

GENERATING RESULTS

A significant portion of Meridian SeamGas's operating costs are fixed, so the sale of each additional GJ of gas increases the business's overall gross margin.

Chief financial officer's report

Results from the new and refurbished wells have demonstrated the inherent value of the Meridian SeamGas resource and proved to be the catalyst for the next phase of activity to expand production capacity.

During the two years WestSide has operated the Meridian SeamGas gas field, the joint venturers have invested heavily in drilling new wells, recommissioning existing wells and refurbishing much of the production infrastructure to meet new regulatory standards.

Results from these capital programs became increasingly apparent during the second half of the 2012 financial year in the form of both upgraded gas reserves and higher production volumes.

Despite modest exploration expenditure at Meridian this year, WestSide was able to announce a 17 per cent increase in Proved and Probable (2P) reserves and a 96 per cent rise in Proved, Probable and Possible (3P) reserves.

Importantly, gas from wells drilled during 2010–2011 began flowing at increasing volumes, resulting in annual sales revenue of $5.94 million – an 8.2 per cent increase over 2011. However, this full year increase masks the rapid improvement achieved during the last quarter as new and refurbished wells came on line. June quarter revenue was up 42 per cent on the previous March quarter and 51 per cent on the previous corresponding June quarter.

Increased production enhances the value of the Meridian SeamGas gas fields in several ways. The impact of increased production on revenues and profitability is immediate, while other benefits are derived through a reduction in per unit operating costs and remedies payable on contract shortfalls.

A significant portion of Meridian SeamGas's operating costs are fixed, so the sale of each additional GJ of gas increases the business's overall gross margin. This year

Importantly, gas from wells drilled during 2010–2011 began flowing at increasing volumes, resulting in annual sales revenue of $5.94 million – an 8.2 per cent increase over 2011.

WestSide was also able to release back to profit $883,000 of the provision for future remedies as a result of the higher sales volumes achieved.

Results from the new and refurbished wells have demonstrated the inherent value of the Meridian SeamGas resource and proved to be the catalyst for the next phase of activity to expand production capacity. Drilling is now underway on new production wells that are expected to further advance production towards the short-term 25 TJ/day target.

To provide a solid capital base for this next phase of development, the Company successfully raised $25.4 million through a fully-underwritten 2-for-5 Entitlement Offer. Strong shareholder demand for the stock illustrated a high level of investor confidence in the future of Meridian SeamGas as an important and valuable participant in Australia's east coast gas market.

Cash reserves at 30 June 2012 were a healthy $34 million, bolstered by the $24.5 million rights issue and $13.4 million proceeds from the earlier sale of 49 per cent of WestSide's interests in exploration tenements ATP 688P, ATP 769P, ATP 974P and ATP 978P.

The indicative bid received from Liquefied Natural Gas Limited in February demonstrated the strategic value of Meridian SeamGas and this was reflected in WestSide's increased market capitalisation from $60 million to $119 million in the 12 months under review.

Arguably, WestSide is still trading at a significant discount to the underlying value of the Meridian SeamGas business, but as production volumes continue to increase and higher gas prices loom closer, the full value of WestSide's 51 per cent interest in this operation should become more apparent.

Cost pressures remained a challenge throughout the year and are expected to remain so into the foreseeable future. Additionally, new Federal Government imposts on the petroleum industry took effect from 1 July 2012, but WestSide is unlikely to be impacted adversely for a number of years.

The Carbon Pricing Scheme is expected to apply additional costs to the production operations at Meridian SeamGas. WestSide will, however, be able to pass-through all of the direct costs and some of the indirect cost increases under the terms of the existing sales contracts. New contracts will be also priced accordingly to recover these costs.

The extension of the Petroleum Resource Rent Tax to onshore projects also took effect from 1 July 2012 and will apply to WestSide's assets. However, the transitional arrangements have provided WestSide with a significant 'starting base' which is expected to shield the Company from any additional tax liability for the foreseeable future.

The Meridian SeamGas operations broke even before depreciation, an improvement of $1 million over the 2011 result.

Result for the period

WestSide posted a $7.8 million loss for the year to 30 June 2012, a $1.6 million improvement over 2011.

The Group exited from its Indonesian operations during the year, recognising a $3.7 million profit, and receiving full title to the Schramm TXD drilling rig as consideration for the sale.

Excluding the profit on sale of the Indonesian assets, the Group reported a loss before interest and tax of $5.6 million compared to $4.9 million in 2011.

The Meridian SeamGas operations broke even before depreciation, an improvement of $1 million over the 2011 result. Operating costs were higher than expected due to increased costs associated with remediating inherited infrastructure to meet new regulatory standards.

The Group's result for the year was also adversely affected by the reduced utilisation of the Company's Schramm TXD drilling rig during the period. A scheduled overhaul, coupled with significant downtime while damage was repaired, contributed to an operating loss of $1.3 million for the period, compared to a $0.5 million profit in the previous year. The rig returned to service in July 2012.

Expenditure for the year was heavily focused on the ongoing expansion of the Meridian SeamGas gas field and improvement of production through the overhaul of existing wells. Some $10.7 million was incurred on development activity during the year compared to $12.4 million the previous year.

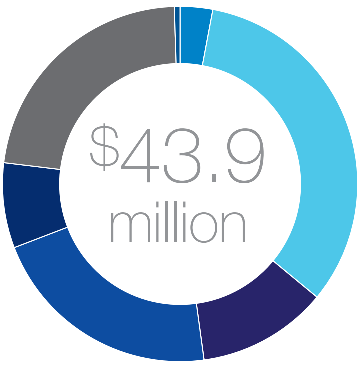
Exploration activity, at $3.7 million was largely limited to two new wells in the Galilee Basin tenements.

The Meridian SeamGas operation is expected to operate profitably (before depreciation and depletion) in the coming year based on increasing production volumes. However, the full value of the gas field is expected to be realised from 2015 when the existing gas contracts are replaced by new sales contracts that are expected to benefit from higher export-parity gas prices.

WestSide has proved that the area is capable of delivering increased gas reserves and that new production wells can produce at commercial rates. As the industry pushes towards the supply of LNG from Gladstone within the next three years, WestSide is now better placed than ever to reap the rewards of its investment in Meridian SeamGas and the Company's other tenements.

Damian Galvin
Chief Financial Officer

Applications of funds to 30 June 2012



	$ million	per cent
Property plant and equipment	0.2	1%
Share issue costs	1.3	3%
Development	14.5	33%
Exploration & appraisal	5.2	12%
Production costs	9.4	21%
Drilling rig operations	3.4	8%
Administration and GST	9.9	23%

The full value of the Meridian gas field is expected to be realised from 2015 when existing gas contracts are replaced by new sales contracts that are expected to benefit from higher export-parity gas prices.

GENERATING PROJECTS

WestSide's projects are strategically well positioned to take advantage of nearby infrastructure and pathways to markets.

Operations and projects

WestSide Corporation Limited is a Brisbane-based CSG producer with certified reserves and a diversified portfolio of exploration assets in Queensland.

Bowen Basin

Meridian SeamGas PL94 & Mining Lease gas rights

Location: Moura – Bowen Basin, Queensland

WestSide interest: 51%

Reserves: 6.55 PJ (1P) 258 PJ (2P) 617 PJ (3P) net to WestSide

Additional GIP estimate: 1,552 bcf net to WestSide (to 1,500m)

WestSide joined Mitsui E&P Australia in March 2010 to acquire the Dawson CSG fields near Moura in Queensland's Bowen Basin from Anglo American (Anglo) and Mitsui Moura Investment.

On 1 July 2010, WestSide commenced operating the field which achieved production during June 2012 of 15 TJ/d (before excluding fuel gas).

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

The Meridian SeamGas CSG fields are of additional strategic importance as they provide a potential pathway to market for WestSide's gas from the neighbouring ATP 769P tenement which the Company operates in joint venture with BG Group and Mitsui E&P Australia.

Gas, including gas purchased from the adjacent Mungi gas field, is sold to AGL under two existing contracts which run until 2014–15 – one of which was extended in 2012.

The focus during the 2012 financial year has been on increasing production, reserve maturation and reservoir modelling to demonstrate improved long term recoverability of gas.

Gas reserves

WestSide's net interest in the Meridian SeamGas CSG field's certified gas reserves equates to 6.5 PJ of Proved (1P) reserves, 258 PJ of Proved and Probable (2P) reserves and 617 PJ of Proved, Probable and Possible (3P) reserves.

However, there remains significant un-appraised gas within the lease area which contains a number of prospects. Significantly, 2P reserves are currently certified to 800 metres and 3P reserves to 1,350 metres.

Construction of a new Reservoir Model progressed well during the year. Once completed and optimised, the model will be used to evaluate the field potential and target initial 'sweet spots' for ongoing field development.

The field development plan will address the potential of all the Baralaba coal seams within PL94 to a depth of 1,350 metres. A program of deeper exploration/production pilot wells is also being prepared for the future to validate the structural model in the deeper parts of the PL and to increase the 3P reserve certification.

Production wells

The Meridian SeamGas fields span an area of approximately 206 km^2 and now contain more than 70 producing wells including additions since WestSide assumed operatorship.

The joint venture has been evaluating the potential to rejuvenate a number of other existing wells within the gas fields and return them to production. Studies now indicate considerable potential from infield drilling to utilise existing infrastructure to deliver increased production at a lower unit cost

During the 2012 financial year the joint venture completed two more dual-lateral well-sets to take the total to seven, as well as three up-dip blind lateral wells aimed at reducing deliverability costs per dollar spent.

The wells, which employ a range of designs and completion techniques, are connected to the compression and transportation infrastructure via some 160 km of low and high pressure pipeline.

Supply and equipment reliability 2012

Transmission pipeline availability has been 100 per cent reliable and there have been no gas outages to customers in the year. While there is more than adequate standby equipment in place to maintain supply continuity, there has been a considerable focus on improving the quality and reliability of surface equipment. This certainty of supply will be necessary for future production growth and good results have been achieved in a range of areas as illustrated in the Plant performance table below.

Westside has increased the effectiveness of its maintenance systems for well head and associated downstream facilities that support its reputation as a reliable supplier.

Plant performance

SEGMENT	AVAILABILITY
Gas Availability to Customers	100.0%
Power Generation	91.8%
Compression	89.6%
Dehydration	99.3%
Grid Power	99.6%

Compression and facility performance measurement systems have been introduced to ensure proper monitoring and equipment is being upgraded to increase reliability where it is cost effective to do so.

Infrastructure

While Meridian SeamGas has contracts to take up to 25 TJ/d the core pipeline infrastructure has total capacity of 60 TJ/d while the existing compression equipment can handle up to 30 TJ/d.

This excess capacity provides the joint venture with an opportunity to increase production at low cost. The main compression station located at Hillview comprises a bank of seven 1,000 HP electric compressors capable of handling 21 TJ/d and an Alco dehydration unit with matching capacity.

Meridian SeamGas operates compression stations at four other locations within the gas fields and the joint venture is installing some additional boost compression to optimise gas flows from wells at the southern end of the fields and improve longer term gas recovery.

There are also field pipelines, communication units, dehydration units and power generation and supply equipment located to ensure reliable operations.

Long term field development

The coals in the Meridian SeamGas field offer a range of options for development around three distinct fairways. All three areas have demonstrated long-term producing wells and promising pilots, even in the deeper seams to 1,350 metres. The gas in place within the deeper coals is substantial.

The Eastern fairway features shallower coals adjacent to the coal mining area which favours lateral-base drilling options to a depth around 500 metres. Coal seams in the Central fairway lie between 500 metres and 1,000 metres where multiple options for production well drilling techniques are open, including enhanced stimulation.

Further exploration and demonstrations of production enhancement techniques are still required to exploit the deeper coal seams located in the Western fairway. Significantly, as the coal seams get deeper the gas content rises to very high levels – more than double the gas content of most shale plays in North America.

There is considerable opportunity remaining in existing wells through re-entry or additional drilling that can access coal seams currently completed "behind pipe" which can provide production acceleration and increased gas recovery opportunities at a lower cost than new development areas.

Field development technologies

The Meridian SeamGas fields employ a range of technologies to efficiently produce gas. The well types employing these technologies have been operating in the field for many years and delivered long term proven production with high gas recoveries.

The CSG sector is also generally improving the application of different drilling and completion techniques. Lateral wells are proven in CSG, particularly in Meridian's Eastern and Central fairways, but could also be readily applied to the Western fairway.

The other traditional technique used in the Central fairway is the vertical stimulated well. Meridian is unique in that it also has proven vertical stimulated production wells from seams at depths as great as 1,350 metres. Other techniques being trialled involve up-dip drilling, stimulation and zero radius drilling.

ATP 769P

Location: Moura-Bowen Basin, Queensland

WestSide interest: 25.5%

Reserves: 69 PJ (3P) net to WestSide

Additional GIP estimate: 183 bcf net to WestSide

Paranui

The Paranui CSG pilot project is located 10 km south of Moura and just 5 km to the west of the adjacent producing Meridian SeamGas CSG fields. WestSide retained a 25.5 per cent operating interest following Mitsui E&P Australia's farm-in to 24.5 per cent in July 2011. QGC, a BG Group business, owns the remaining 50 per cent.

The target Baralaba Coal Measures in this part of the tenement lie at a depth of between 550 metres and 950 metres and generally contain 21–25 metres of gas-bearing coal in up to 12 seams.

The initial Paranui pilot comprises three exploration wells (Paranui 5R, 6R and 8), two observer wells (Paranui 4 and 7) and one core well (Paranui 10). Three more wells – Paranui 11, 12 and 13 – were drilled in 2010. These wells intersected between 26 metres and 30 metres of net coal and were under-reamed and flushed in selected coal seams.

Completion of these last three wells was delayed by approvals and wet weather and then suspended pending test results on new gas lift pumping technology at Meridian. This new pumping system is now to be trialled on Paranui 13 and, subject to the outcome, will be installed on the other two wells to provide a three-spot open hole pilot.

The performance of these flushed and air-lifted, vertical wells will then be compared to results from the initial pilot wells that were subjected to fracture stimulation treatments.

The aim is to deliver long term sustainable gas flows at the lowest possible drilling and completion costs and work toward certification of 2P reserves to support a Petroleum Lease application. The Paranui project is less than 10 km from existing gas supply infrastructure so the commercialisation pathway is evident.

Gas reserves

WestSide booked 135 PJ of certified 3P gas reserves at the 25 km^2 Paranui pilot in June 2009 prior to Mitsui E&P Australia's farm-in.

WestSide assumed sole operatorship of the Paranui project and other tenement areas adjacent to PL94 in mid-2011. WestSide's understanding of the geology has also been greatly enhanced through its operatorship of Meridian.

Regional exploration – ATP 769P

It is estimated that ATP 769P contains a further 183 bcf of gas in place (WestSide's share) to a depth of 1,000 metres. Substantially higher quantities of gas in place could be accessed by drilling to depths greater than 1,000 metres.

The ability to access gas from coals deeper than 1,000 metres could add significantly to WestSide's current gas reserves. Along the eastern margins of ATP 769, there is further potential for CSG at depths between 1,000 and 1,500 metres. Revised modelling indicates there could be potential there for an additional 1,700 PJ of gross risked 3P reserves.

Proximity to the Meridian SeamGas CSG fields also importantly provides a strategic potential pathway to market for gas from Paranui.

WestSide's exploration team has been integrating well data from surrounding tenements into a MineScape structural geology model to improve the seam prognoses as part of planning for a four-well exploration program during FY2013 in the northern areas of the tenement.

The purpose of the program will be to target reserves additions along strike from the Paranui project area and down-dip of the recently recertified Meridian field.

The joint venture has acquired a series of 2D seismic lines in the north of ATP 769P. 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 – Mount Saint Martin & Tilbrook

Location: Collinsville – Bowen Basin, Queensland

WestSide interest: 25.5%

Reserves: 39 PJ (3P) net to WestSide

Additional GIP estimate: 674 bcf net to WestSide

Located to the south of Collinsville and situated adjacent to the Moranbah-to-Townsville gas pipeline, the projects within ATP 688P target the coal seams of the Moranbah Coal Measures.

The coal seams in this area lie at depths between 300 metres and 600 metres and contain between 7 metres and 15 metres of gas-bearing net coal. WestSide's strategy is to combine the reserves from Tilbrook and Mount Saint Martin to form a marketable resource base.

WestSide also plans to examine the potential of the Rangal and Fort Cooper Coal Measures in the northern area of the tenement in future exploration programs. WestSide as operator within the tenement, has a 25.5 per cent interest following Mitsui E&P Australia's farm-in to 24.5 per cent in July 2011. QGC, a BG Group business, owns the remaining 50 per cent.

Gas reserves

WestSide's initial share of 3P reserves from the area addressed by the Tilbrook pilot was certified at 76 PJ in June 2009, but reduced to 39 PJ as a result of Mitsui E&P Australia's farm-in.

The reserves certification was consistent with WestSide's previous gas in place estimates for the area, providing an increased level of confidence that the Company can convert its share of gas in place in the remainder of the northern precinct of the tenement, estimated at 674 bcf net to WestSide, into commercial reserves.

Mount Saint Martin

Production testing at the Mount Saint Martin three-well pilot project was suspended again in 2011 due to the impact of the wet season. The pilot is comprised of MSM 2, MSM 3 and MSM 4 – three of six wells drilled in 2010 to test the extent of the resource previously identified in the Moranbah Coal Measures at Mount Saint Martin.

Initial production test results indicated sufficient water and gas flows to justify proceeding to further well bore cleaning. The joint venture now plans to drill lateral wells designed to intersect the existing MSM 2 and MSM 4 vertical wells. The first lateral well (MSM 2 L1) will target the Lower Goonyella A coal seam while the second lateral (MSM 4 L2) will target the Lower Goonyella B seam.

Testing of these lateral wells will aim 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. Modelling indicates commercial flow rates are achievable with the successful application of lateral technologies.

Tilbrook

The Tilbrook pilot, designed to appraise the Moranbah Coal Measures, is comprised of one dual-lateral horizontal appraisal well (Tilbrook 8), one vertical appraisal well (Tilbrook 7) and two observation wells (Tilbrook 4 and 6).

The production test of the Tilbrook 7 and Tilbrook 8 appraisal wells continued until operations were suspended early in the June quarter of 2011 following completion of the data acquisition phase. Once results of the Mount Saint Martin pilot have been assessed, a regional approach to both areas will be adopted.

Galilee Basin

ATP 974P & ATP 978P

Location: Hughenden – Galilee Basin, Queensland

WestSide interest: 51%

GIP estimates: 10.7 tcf net to WestSide

In July 2010, WestSide acquired 100 per cent interests in two new exploration tenements after they were formally granted by the Queensland Government, securing a significant foothold for the Company in the State's new coal-rich, CSG frontier in the Galilee Basin.

Mitsui E&P Australia subsequently farmed-in to earn a 49 per cent interest in each of the exploration tenements, ATP 974P and ATP 978P, which cover a combined area of 13,280 km^2 in the basin's north-western region.

During the year WestSide drilled two wells under a grassroots exploration program to investigate the hydrocarbon potential of the Permian-age Betts Creek and Aramac Coal Measures thought to be present throughout the tenements.

The first well, Glenlyon 1 was plugged and abandoned after it became obstructed and the second, Glenlyon 2, was suspended before the targeted Aramac Coal Measures were intersected, due to the onset of the wet season.

Preparation work has continued on identifying around 10 other prospective drilling sites, gaining landholder consents, and completing Cultural Heritage approvals. WestSide believes the two tenements could contain up to 21 trillion cubic feet of gas in place (10.7 tcf net to WestSide) to depths of 1,050 metres and potentially more gas, subject to prospectivity, at greater depths.

Successful results from an initial exploration program could lead to more exploration wells being drilled across each tenement in the next three years to prove the extent of the resource and target the certification of gas reserves.

During the year the joint venture assessed various options for the optimal funding of the work program, but a suitable farm-in partner to participate in the next drilling campaign has yet to be found.

The Galilee Basin has continued to attract interest from Australian explorers and gas producers as well as from large international groups, with several exploration and appraisal projects underway.

Establishment of a material CSG resource in the region could underwrite construction of pipeline infrastructure to markets in Mt Isa or on the Queensland coast.

GENERATING RESPONSIBLY

WestSide conducts its operations with a view to having a long and collaborative relationship with landholders.

Sustainability

Building a sustainable business in coal seam gas exploration and production demands a proactive recognition of the breadth of stakeholder interests in the Company's operations.

WestSide is committed to satisfying ever increasing corporate and community standards in this area. A key feature of WestSide's operational ethos is to engage with its stakeholders to optimise results for all parties.

Our People

WestSide highly values its people.

To continue growing, WestSide needs to attract and retain good people and this remains a constant challenge as our most talented professionals seek other opportunities in order to pursue and build their careers.

In recognition of the competitive labour market forces at work in the resources sector, WestSide has adopted a flexible recruitment approach. Supporting initiatives include the provision of flexible work arrangements to accommodate personal needs, study assistance, in-house training, personal development planning and educational funding support.

The Company's flat management structure and mid-scale size have also proved instrumental in attracting talented people seeking increased responsibilities and opportunities that would be otherwise unavailable within larger entities.

WestSide takes pride in the creation of an open and inclusive corporate culture and the achievement of a vibrant team fit involving people from diverse professional and cultural backgrounds.

WestSide is committed to promoting diversity at all levels of the Company including the Board, senior management, and within the technical and financial management and support functions of the Company. WestSide will seek diversity in skills, experience, perspectives and styles that have been developed on account of employees' origin, culture, gender, age or other experiences.

WestSide's policy is to become part of the communities in which the Company operates.

The Company also relies on a range of outsourced services, providing flexibility to access skilled specialist assistance while controlling costs and optimising productivity.

The Company has a workforce of 44 full and part time staff, compared to 48 last year when our workforce more than doubled in 2011 following the purchase of a 51 per cent interest in Meridian SeamGas.

Communities

WestSide's policy is to become part of the communities in which the Company operates. As operator of Meridian SeamGas in the southern Bowen Basin, WestSide has become an active participant in the regional communities of Biloela, Moura and Theodore and supports opportunities for industry and community members to collaborate and exchange ideas on matters of common interest.

WestSide is a member of the Moura Chamber of Commerce, participates in and supports the Banana Shire Council's annual Industry Summit and sponsors regular events on the community calendar such as Moura's annual Coal and Country Festival.

During the year in review the Meridian SeamGas joint venture also provided supporting sponsorship for Moura's contribution to the inaugural Dawson River Festival, which was held by the Dawson River towns of Baralaba, Moura, Theodore and Taroom in September 2011.

The Moura event featured a rare Japanese "Toro Nagashi" lantern ceremony celebrating 50 years since the town became Australia's first coal exporter in 1961 as a result of Mitsui & Co Ltd's strong business commitment as a co-owner of the nearby Dawson mine since 1959.

WestSide again welcomed the opportunity to support the annual Stamford Races and Community Fun Day. Stamford lies within the Company's Galilee Basin exploration tenements and this event provides an important social focus point each year for the surrounding rural community.

WestSide also sponsored the Outback Fossil Festival at nearby Richmond, which lies about half way between Townsville and Mount Isa and proudly houses one of Australia's most exciting marine fossil exhibitions at its Kronosaurus Korner museum complex.

The fossil festival is held every two years to promote the town of Richmond and celebrate its rich and interesting history, dating right back to the Cretaceous period when the area was submerged beneath a vast inland sea.

Landholders

Meridian SeamGas, Australia's first producing CSG field, was established in the mid-1990s. The agricultural landholders within our operational areas around Moura typically have a long history of coal mining activity on or near their properties, sometimes spanning generations.

Since assuming control of Meridian SeamGas two years ago, the Company's dedicated Field Coordinators have sought to work closely with our landholders to discuss upcoming activities on their land.

Well sites and access routes are planned in consultation with landholders to ensure our operations avoid sensitive areas and minimise disruption to the landholder's activities and in many cases, improve the infrastructure available for use by landholders.

WestSide conducts its operations with a view to having a long and collaborative relationship with landholders and this commitment will be reflected as the joint venture moves to further increase production from the Meridian SeamGas fields.

WestSide greatly appreciates and highly values the landholders' ongoing cooperation of the Company's CSG operations on their land.

Traditional Owners

From the outset, WestSide has engaged the assistance of indigenous parties representing the Traditional Owners of the land on which it operates.

On assuming operatorship of Meridian SeamGas near Moura in July 2010, WestSide began liaising on behalf of the Joint Venture with the Gangulu People who are the Traditional Owners over areas where Meridian SeamGas operates.

WestSide entered a voluntary Cultural Heritage Investigation and Management Agreement (CHIMA) with the Gangulu People in October 2011 to enable the Company to address Aboriginal cultural heritage with a degree of certainty within a statutory timeframe.

Importantly, the agreement formalised WestSide's ongoing commitment to the protection and management of Gangulu cultural heritage at Meridian SeamGas.

Representatives of the Birri People and the East Comet / West Dawson People have conducted site clearances prior to and during earthworks at the Tilbrook and Paranui pilots and at Mount Saint Martin.

In July 2012 WestSide executed a Memorandum of Understanding with the Nghally Ghungalu Thoonieda Aboriginal Corporation which acts on behalf of the Ghungalu / Kangoulu People over part of the Southern Operations Area of ATP 769P.

WestSide is also currently in discussions with the Gangulu People to negotiate a CHIMA for another area of the Southern Operations Area.

In the Galilee Basin, WestSide has executed Cultural Heritage Management Plans with the Wannamara People and the Koa People, who claim traditional ownership over parts of ATP 974, while discussions are ongoing with the neighbouring Yirendali People who have a claim over ATP 974 and ATP 978.

WestSide is committed to ongoing communications and consultation with Traditional Owners in all the areas in which it operates.

Health and Safety

WestSide operations are conducted in line with the underlying philosophy that all occupational injury and harm is avoidable. Understandably, the integration of the Meridian SeamGas business greatly increased the extent and complexity of the Company's operational activities.

Members of the Company's operational team continue to implement and enforce site safety procedures for WestSide's employees, joint venture personnel and contractors.

WestSide's safety and emergency management policies and plans meet regulatory and community standards and remain a key focus of our operations team. Both internal and external audits were conducted during the year. During the year one reportable medical treatment incident occurred at WestSide operations, which was also recorded as a lost time injury.

Environment

WestSide anticipates water generated as a result of the Meridian SeamGas fields' continued development will be able to be treated and applied to beneficial reuse programs within the local region.

After taking over operatorship of the Meridian SeamGas CSG fields and infrastructure assets in July 2010, WestSide completed an initial environmental review and prepared a comprehensive Environmental Management Plan (EMP) and Water Management Plan (WMP) in accordance with new regulatory requirements.

Under amendments to the *Environmental Protection Act 1994* and associated policies and guidelines such as the Coal Seam Gas Water Management Policy, CSG water evaporation dams are considered by the Queensland Government to be a non-preferred water management approach.

Consequently it is a mandatory requirement that existing CSG water evaporation dams be transitioned into CSG aggregation dams or brine dams that meet the new policy standards for Petroleum Leases, or be decommissioned.

During the year WestSide developed a Transitional Environmental Plan (TEP) to address transitional arrangements to bring dam construction standards for PL94 into compliance with this new policy.

Queensland's then Department of Environment and Resource Management (DERM) subsequently granted WestSide a new Environmental Authority (EA) that covered operations within PL94 and accommodated the TEP. WestSide significantly progressed the TEP during the June quarter of 2012.

Detailed engineering design of the planned CSG water storage and transport infrastructure was completed and all necessary milestones were met.

WestSide also finalised 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 after public consultation it was submitted to the Department of Environment and Heritage Protection.

A CSG water re-injection feasibility study was also completed at Meridian, in line with the Queensland Government's preferred hierarchy for CSG water disposal.

The Meridian joint venture signed an agreement for the installation of a pilot water treatment system which is expected to deliver water for beneficial use at well below the cost of more commonly applied reverse osmosis technologies alone. Opportunities for beneficial reuse of the treated water within the surrounding region are being studied.

WestSide holds Environmental Authorities to conduct activities within ATP 688P, ATP 769P, ATP 974P and ATP 978P. Operations on these tenements have been conducted in accordance with these authorities.

The management of produced water remains a significant issue for CSG producers in the Surat Basin, far to the south of WestSide's Bowen Basin tenements. In comparison the Meridian SeamGas CSG operations produce much less water and at significantly lower rates. WestSide anticipates water generated as a result of the Meridian SeamGas fields' continued development will be able to be treated and applied to beneficial reuse programs within the local region.

Production testing has indicated that water production rates at Paranui, Tilbrook and Mount Saint Martin will be also be relatively low compared to those from CSG operations in the Surat Basin.

Protection of the Great Artesian Basin aquifers remains a fundamental issue of general concern and to rural communities within the Galilee Basin in the State's far north west where WestSide has a 51 per cent operating interest in two tenements ATP 974P and ATP 978P.

During the year WestSide participated in regular meetings of the Galilee Basin Operators' Forum (GBOF). This forum was formed as an industry collective by companies actively exploring for CSG in the area to fund a regional baseline ground water assessment study for the Galilee Basin. The study's final report is to be presented to the Queensland Water Commission.

The GBOF is commissioning a basin-wide water isotope study to identify water associated with regional aquifers with the goal to produce a realistic hydrogeological model enabling a holistic understanding of Galilee and Eromanga Basins' properties.

The GBOF membership has been actively involved during the year in briefing regional councils and unified local government organisations such as central western Queensland's Remote Area Planning and Development Board and the Mount Isa to Townsville Economic Zone on the ground water assessment study and CSG exploration.

The WestSide Group is registered under the National Greenhouse and *Energy Reporting Act 2007*, and has systems and processes in place for the collection and calculation of the data required to comply with the Act. Annual reports are lodged as required under the Act.

MANAGEMENT

Dr Julie Beeby
Chief Executive Officer

Simon Mewing
Chief Operating Officer

Damian Galvin
Chief Financial Officer and Company Secretary

Peter Dingle
Moura Area Manager

Ray Cowie
General Manager, Production

Andrew Knight
Exploration Manager

Garth Borgelt
Commercial Manager

Richard Owen
Investor & Community Relations Manager

WestSide's management team has remained focused on achieving set business targets and completing work programs that continue to add value to the Company's assets.

Dr Julie Beeby

Chief Executive Officer

BSc (Hons) Chemistry, PhD, MBA, GAICD

Joined WestSide in 2010

Julie is a development and change management leader with 24 years' experience within Australia's resources sector, including senior coal, gas and chemicals business unit management and project management roles with Peabody Energy, Anglo and BHP Billiton.

Significantly, Julie managed and developed part of what now comprises the Meridian SeamGas CSG fields operated by WestSide, having acted as Manager SeamGas from 1999 to 2002 at the Moura Mine then operated under joint venture by Peabody and Mitsui.

Julie sits on the Board of Powerlink (Queensland Electricity Transmission Corporation Ltd) and is also a member of the Queensland Exploration Council.

Julie has also held positions on the boards of Gloucester Coal Ltd, Australian Coal Association Low Emissions Technology Ltd, Australian Coal Research Ltd, Queensland Resources Council Ltd and CRC Mining (CMTE Development Ltd).

Simon Mewing

Chief Operating Officer

BE Chem (Hons)

Joined WestSide in 2008

Simon is a chemical engineer with 30 years' experience in the oil and gas industry covering both upstream exploration and production and downstream businesses, including refining and Liquefied Natural Gas.

Simon joined WestSide from energy sector service provider AGR Asia Pacific where he was Queensland Manager. Previously, Simon worked in refining engineering and management for 16 years. He was also employed by Santos for six years where he gained experience in exploration and production.

Damian Galvin

Chief Financial Officer and Company Secretary

BBus (Accounting), CA

Joined WestSide in 2006

Damian is a Chartered Accountant with 19 years' experience in the financial management of companies in Australia and overseas.

A former Chief Financial Officer and Company Secretary of coal seam gas pioneer, Queensland Gas Company, Damian headed QGC's corporate function for five years, during which time the company grew from a junior CSG explorer to one of Australia's major CSG producers.

He has also had financial and commercial experience with Premier Oil Plc and Price Waterhouse.

Peter Dingle

Moura Area Manager

BComm, AIMM

Joined WestSide in 2010

Peter has more than 20 years' experience in the resources sector, spanning coal and metalliferous mining in Australia and abroad and worked in a number of roles within the CSG industry in the Bowen Basin.

Prior to joining WestSide Peter was Vale's Australian Strategic Procurement Manager. He also previously held other senior procurement and logistics positions with Wesfarmers and BHP Billiton.

Peter has had a long association with CSG in the Bowen Basin, having started his career with the CSIRO on early exploration programs.

Peter subsequently joined Conoco which was then pioneering commercial CSG production at Moura in the mid-1990s and later worked for BHP Billiton on its evaluation program around Blackwater and Moranbah.

Ray Cowie

General Manager Production

BE Petroleum, Member SPE

Joined WestSide in 2010

Ray, who has had more than 21 years' experience in the international oil and gas industry, joined WestSide in September 2010 and was appointed to his current role in January 2012.

Before joining WestSide Ray was working as a drilling consultant, specialising in coal seam gas directional wells, underground coal gasification well design, well completions and operations. He had previously held the position of senior drilling engineer at Linc Energy Limited after working for Interoil as a drilling engineer.

Ray has had experience in international drilling operations spanning the USA, Russia, Greece, Europe and Papua New Guinea and has also been involved with rig management, design and procurement.

Andrew Knight

Exploration Manager

BSc (Hons) Geology, MPESA, FAusIMM

Joined WestSide in 2010

Andrew has more than 32 years' experience as a coal geologist in both the exploration and mining sectors in South Africa, New Zealand and Australia – the last four of which he specialised in CSG. Andrew has also worked as a consultant undertaking feasibility studies and due diligence on domestic and international projects.

Prior to joining WestSide, Andrew was Exploration Manager for Arrow Energy, initially managing the Bowen Basin program and latterly its NSW exploration activities. During this time, his responsibilities encompassed exploration planning, budget preparation and reconciliation, contractor and geological personnel management and QA/QC on field activities.

Garth Borgelt

Commercial Manager

MBA, FAIDC

Joined WestSide in 2010

Garth has had a career spanning more than 32 years in the gas pipeline industry having held executive management positions in five Australian states and territories, including the General Manager of NT Gas and the State Manager Western Australia for AGL.

Prior to joining WestSide Garth was working as an independent consultant to the wider mining and energy industry.

He has held directorships in several companies, is a Fellow of the Australian Institute of Company Directors and has accreditations in project management, organisational effectiveness, negotiation, people profiling, coaching and mentoring.

Garth's experience covers gas production, processing, transportation, transmission and delivery systems as well as gas-fired power generation and Liquefied Petroleum Gas production.

Richard Owen

Investor & Community Relations Manager

BA (Journ), Dip Inv Rel (AIRA)

Joined WestSide in 2010

Richard is a communications professional with more than 30 years' experience in business journalism, marketing and sales while working as an investor relations consultant and in the newspaper publishing, manufacturing and retail sectors.

Before joining WestSide in 2010, Richard headed the Financial and Investor Relations team at Queensland marketing communications firm Three Plus.

At Three Plus Richard, an experienced finance journalist and former News Limited business editor, provided high level communications advice to many private and publicly-listed companies with a special focus on energy and coal seam gas.

DIRECTORS

The Board remains focused on growing value by acting at all times in the strategic, long term interest of the Company and shareholders.

Angus Karoll 4

Executive Chairman

Director since 2005

Angus is the founding Director of WestSide Corporation Ltd and has been instrumental in establishing the Company, including forming strategic relationships with investors and joint venture partners.

Angus was the key driver and initiator of the development of a world-scale downstream processing project for ammonia and urea in Asia and enlisted influential Australian and international parties into a consortium to develop the project.

He was also responsible for conducting due diligence on several other conventional gas projects in South East Asia.

Angus was the President Director and controlling shareholder of PT WestSide Agritama, a major provider of logistics and transport services in Indonesia. He originally established this company in 1997 as a joint venture with JR Simplot International, one of the United States' largest private agricultural enterprises.

Anthony Gall 1

Director

FCA

Director since 2005

Tony was a former employee and partner of Price Waterhouse for 39 years, during which time he gained international experience in the UK, USA and Indonesia.

More recently he has been an independent advisor and consultant to small and medium enterprises. He brings extensive exposure to a wide variety of industries and particular depth in the Audit and Corporate Advisory area in which he specialised at Price Waterhouse. Tony is Chairman of the Audit and Compliance Committee and a member of the Remuneration Committee.

John Clarke 2

Director

BCom, ACA

Director since 2010

John is the Managing Director of Infrastructure Capital Group. John has extensive experience in the financing of infrastructure-related businesses and projects.

His previous experience includes merger and acquisitions in the New Zealand electricity industry and he was the CEO of Infratil Australia Ltd and Managing Director of HRL Morrison & Co Pty Ltd.

John is Chairman of the Stadium Australia group of companies (ANZ Stadium) and a Director of leading infrastructure industry group Infrastructure Partnerships Australia. John's other directorships include EIT Kwinana Holdings (and subsidiaries), EIT Mumbida Wind Farm (and subsidiaries), EIT Neerabup Holdings (and subsidiaries), DIT Flinders Ports Investments Pty Ltd, Gas Pipelines Victoria Pty Ltd and Wattle Point Holdings Pty Ltd.

John is Chairman of the Remuneration Committee and a member of the Audit and Compliance Committee.

Robert Neale 3

Director

BSc (Hons)

Director since 2010

Rob has more than 40 years' experience in the resources sector and is Managing Director and CEO of New Hope Corporation Ltd.

His main areas of expertise lie in exploration and mining industries in several countries covering gold, base metals, synthetic fuels, coal, bulk materials and shipping as well as power generation projects.

Over the past 15 years, Rob has effectively led corporate growth through business improvement, asset management and successfully implemented new business ventures.

Rob is also a Non-executive Director of Planet Gas Limited and a Director of both the Queensland Resources Council and Australian Coal Association.

Rob is a member of the Remuneration Committee.

Nathan Mitchell 5

Director

Director since 2008

Nathan was the Chief Executive Officer of Mitchell Drilling Corporation, overseeing its expansion prior to the sale of its Australian operations to Lucas Coal Technologies in 2008.

As the Chief Executive Officer of the privately-held Mitchell Energy Group, Nathan continues to manage international drilling operations.

Nathan has been involved with the research and development of drilling techniques in the coal seam gas industry.

Trent Karoll 6

Director

BEc, FAICD

Director since 2006

Trent is a joint founder and Managing Director of Hedgehog Capital which is focused on direct investments in Australian SMEs as well as investor portfolio management.

He is a former Joint Managing Director of the Nelson Group of Companies, a substantial private business with operations in Australia, New Zealand and Germany and over 400 employees.

Trent has a strong financial and operations background across broad industry sectors including manufacturing, distribution, wholesaling and retail.

He has also gained commercial experience in commodity futures trading and corporate recovery. Trent is an experienced company director occupying six board positions in a variety of private companies.

Trent is a member of the Audit and Compliance Committee.

CORPORATE GOVERNANCE

Corporate Governance Statement

WestSide's Board recognises the importance of good corporate governance and is committed to maintaining the highest standards of corporate governance. WestSide's Directors are responsible to the shareholders for the performance of the Company and their overriding aim is to enhance the interests of shareholders and to ensure the Company is properly managed.

The Company has established a framework of principles to provide guidance to Directors, executives and staff in the day-to-day management of WestSide's operations. Summaries of these principles are set out on the Company's website: www.westsidecorporation.com

WestSide has adopted the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" to the extent that they are considered applicable to a company of WestSide's size. These principles have been in operation for the full financial year ended 30 June 2012 unless otherwise indicated below. Areas where WestSide has elected not to comply with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" are set out in the table below.

Corporate Governance Principles and Recommendations

ASX RECOMMENDATION	WESTSIDE POSITION	REASON FOR DIFFERENCE
Majority of Board should be independent.	Majority of Board is non-executive, but only 50% can be considered independent.	Refer to following discussion (Independence of Directors).
The Chairman should be independent.	Chairman is not independent.	Refer to discussion below (Independence of Directors).
Nomination Committee should be established.	The Board performs the duties in relation to the nomination of new Directors.	The Board believes that WestSide is not of sufficient size to warrant formation of a permanent Nomination Committee.
Audit Committee Charter should be made publicly available.	A summary of the Charter of the Audit and Compliance Committee is available on the Company's website.	A summary of the Charter is considered to provide stakeholders with appropriate information.
Disclose the process for performance evaluation of the Board and senior executives.	Board performance has been monitored informally on an ongoing basis by the Chairman. Detailed performance evaluation procedures are currently being developed. Executive performance is reviewed periodically by the Board.	Board performance has been monitored informally on an ongoing basis by the Chairman. Detailed procedures are being formulated. Once approved by the Board, the process will be disclosed on the Company website.

Management and oversight

WestSide's Board Charter[1] sets out the responsibilities and functions of the Board, in particular their responsibility for the direction, strategies and financial objectives of the Company and monitoring the implementation of those policies, strategies and functions. The Board delegates authority to the Chief Executive Officer and management for day-to-day operations in accordance with the delegations set by the Board.

WestSide has a Code of Conduct[1] in place for Directors, executives and employees which sets out practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account their legal obligations and expectations of stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Trading in the Company's securities by Directors, executives, employees and consultants are governed by a Securities Trading Policy[1].

The Company has a comprehensive Continuous Disclosure Policy[1] which puts in place procedures and policies to ensure compliance with ASX Listing Rule Requirements such that all investors have equal and timely access to material, factual information concerning the Company.

The Company has a policy of conducting annual performance appraisals for each Director and senior executive. A review of the performance of each senior executive was performed during the reporting period. As at 30 June 2012, no formal appraisal had been conducted for Directors, although Board performance is monitored informally on an ongoing basis. It is anticipated that formal procedures will be established and appraisals will be performed in the 2012–2013 financial year.

Details of the Company's remuneration policies and Directors' remuneration are set out in the Remuneration Report section of the Directors' Report.

The Company does not have a policy of prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.

1 *A summary of these documents is available on the Company's website: www.westsidecorporation.com*

There is a procedure agreed by the Board for Directors to take independent professional advice at the expense of the Company on matters involving the discharge of the Director's responsibilities to the Company.

Diversity

The Company has a Diversity Policy to promote diversity at all levels of the organisation. WestSide respects and values the competitive advantage of "diversity", and the benefit of its integration throughout the Company. Diversity at all levels of the Company can enrich the Company's perspective, improve corporate performance, increase shareholder value and enhance the probability of achieving the Company's objectives. Diversity enables the Company to be alert to diverse strategies and opportunities and to develop diverse plans for achieving those strategies and taking advantage of those opportunities.

WestSide is committed to promoting diversity at all levels of the company including the Board, senior management and within the technical and financial management and support functions of the Company. WestSide will seek diversity in skills, experience, perspectives and styles that have been developed on account of personnel's origin, culture, gender, age or other experiences. The Board is yet to prescribe a specific mix of skills and diversity for Board composition but has set a longer-term target that 20 per cent of the Board be female by 30 June 2015.

WestSide's Board recognises the importance of good corporate governance and is committed to maintaining the highest standards of corporate governance.

In considering the attributes of potential new Directors, the Board has regard to such factors as the Board considers appropriate, including judgement, skill, diversity, experience with business and organisations of a comparable size and the interplay of the candidate's experience with the experience of the other Board members.

WestSide acknowledges that gender diversity is low in the oil and gas industry and has set a number of long term diversity targets to increase the proportion of appropriately-experienced females in the Company. Progress in achieving these targets is assessed annually. The current progress against these targets is shown in the table below.

A copy of the Diversity Policy is available on the Company's website: www.westsidecorporation.com

Board structure

Details of the Directors' skills, experience, expertise and membership of Board Committees are set out on page 31 of this Annual Report. The number of meetings held, and the attendance of each Director are set out in the Directors' Report.

Independence of Directors

All Directors are required to bring independent judgement to bear in decision-making.

A majority of the Board are Non-executive Directors, although at no time during the year to 30 June 2012 was there a majority of independent Directors as recommended in the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations". Directors J Clarke, A Gall and N Mitchell, representing 50 per cent of the Board can be considered independent under the ASX guidelines.

The Board believes that the current balance of executive and Non-executive Directors and between independent and non-independent Directors provides WestSide with a wide range of experience, qualifications and professional skills.

WestSide Diversity

FEMALE	TARGET DATE	TARGET	CURRENT
Board members	30 June 2015	20%	nil
Executive team	30 June 2015	20%	15%
General staff	30 June 2015	20%	21%
Vacation students	31 December 2011	50%	50%

The Board believes that in the current stage of the Company's development the technical and financial support of major stakeholders is essential in maximising the value of the Company's production and exploration assets and in serving the interests of all shareholders.

Each member's independence is assessed at the time of appointment and on a continuous basis throughout the term of their appointment. In assessing the independence of Directors, the following factors are considered:

(a) Director's shareholding: A Director cannot be considered to be independent if he, his associates or a company of which he is an officer, controls greater than 5% of the voting rights in WestSide.

(b) Previous executive capacity: A Director cannot be considered to be independent if he has been employed by the Company in an executive capacity in the previous three years.

(c) Material supplier or customer : A Director cannot be considered to be independent if he is:

- principal of a material professional advisor;
- a material consultant to the Company;
- an employee of a material advisor or consultant materially associated with the service provided;
- a material supplier of the Company, or an officer or associate of the supplier; or
- a material customer of the Company, or an officer or associate of the customer.

The relationship is considered to be material where, during the previous three years, or forecast for the forthcoming 12 months:

- The relevant services or goods acquired by WestSide amount to 5% or more of total purchases by WestSide;
- The relevant services or goods acquired by WestSide amount to 10% or more of the total income of the Director or associated company/advisor/consultant; or
- The relevant sales of WestSide's products amount to 10% or more of total sales by WestSide or of total purchases by the customer.

The Board regularly reviews whether previous relationships of any Director do, in fact, or are perceived to, compromise the Director's independence.

(d) Material contractual relationships: A Director cannot be considered to be independent if he has a material contractual relationship with the Company.

(e) Length of service: A Director cannot be considered to be independent where he has served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

(f) Other relationships: To be considered independent, a Director must be free from any interest and any business or other relationship which could, or reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Safeguarding of financial reporting integrity

WestSide's Audit and Compliance Committee consists of three Non-executive Directors, A Gall (Chairman), J Clarke and T Karoll.

The Audit and Compliance Committee operates within the framework of a formal Charter. A summary is available on the Company's website: www.westsidecorporation.com

Fair and responsible remuneration

WestSide's Remuneration Committee consists of three Non-executive Directors, J Clarke (Chairman), A Gall and R Neale and supports and advises the Board on remuneration and remuneration-related matters with a view to aligning the interests of employees and shareholders. Recommendations are guided by the principle that employees should be appropriately and equitably compensated for their services and motivated to perform to the best of their abilities in the interest of shareholders.

The Remuneration Committee operates within the framework of a formal Charter. A summary is available on the Company's website: www.westsidecorporation.com

Managing risk

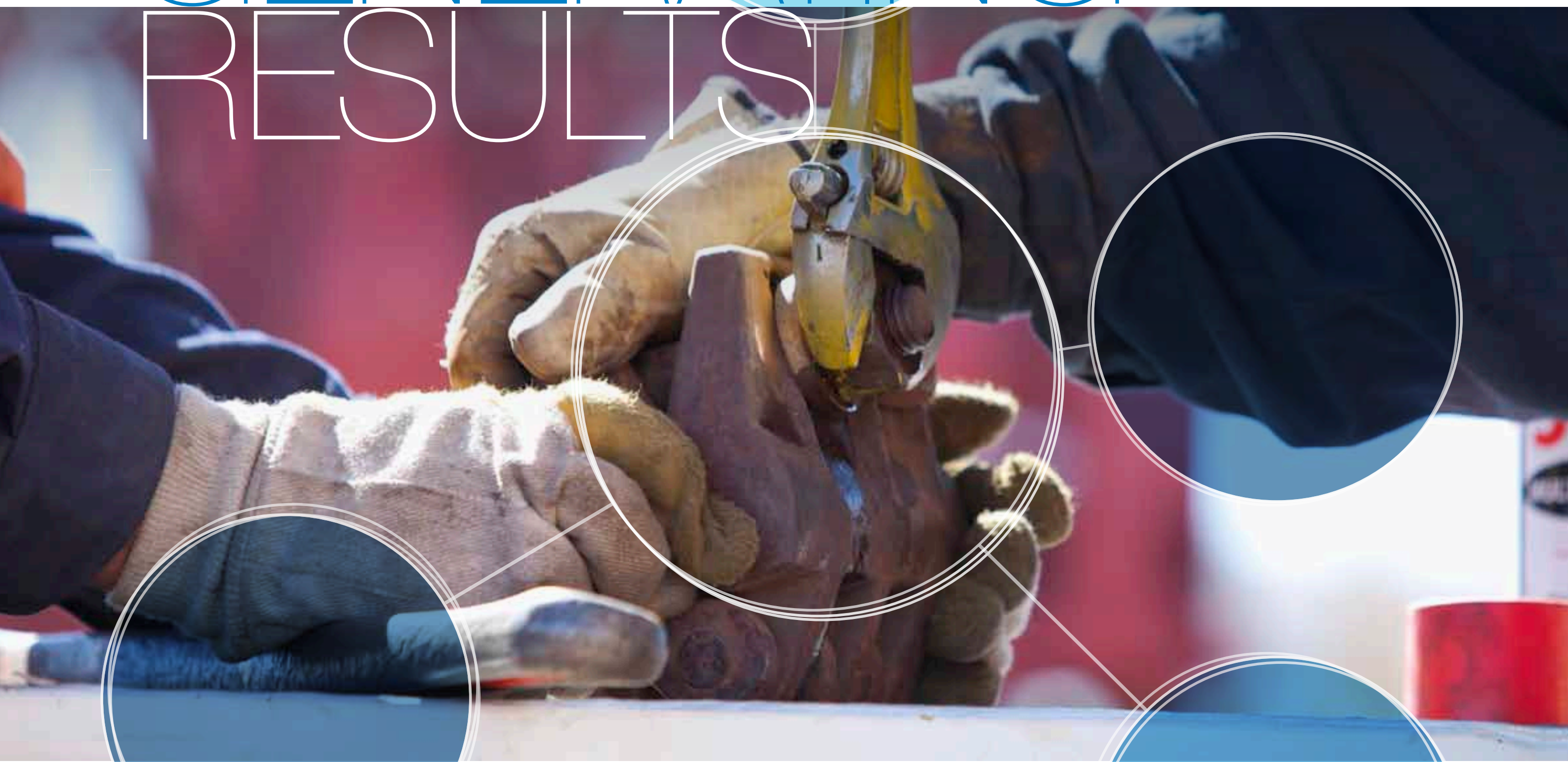
WestSide has a comprehensive risk management policy which sets out procedures for the regular review of registered risks and a disciplined assessment of new activities. The policy sets out the roles and responsibilities of the Board, management and all personnel. A summary is available on the Company's website: www.westsidecorporation.com

Management reports to the Board as to the effectiveness of the Company's management of its material business risks. The Board receives assurances from the CEO and CFO annually that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Annual Financial Report

FOR THE YEAR ENDED 30 JUNE 2012
WESTSIDE CORPORATION LIMITED
ABN 74 117 145 516

GENERATING RESULTS



DIRECTORS' REPORT

30 JUNE 2012 WESTSIDE CORPORATION LIMITED

Your Directors present their report on the Consolidated Entity (referred to hereafter as the Group) consisting of WestSide Corporation Limited (the Company) and the entities it controlled at the end of, or during, the year ended 30 June 2012.

Directors

The following persons are Directors of WestSide Corporation Limited at the date of this report. The number of ordinary shares and options in which the Directors hold a relevant interest, are:

Director	Ordinary Shares	Incentive Options
A Karoll (Chairman)	22,990,548	300,000
J Clarke	-	-
A Gall	627,200	300,000
T Karoll	476,000	200,000
N Mitchell	13,918,817*	-
R Neale	-	-

* *A company controlled by Mr N Mitchell has the ability, in certain circumstances pursuant to a loan agreement, to control the disposal of 6,222,223 shares held by a trust associated with Mr A Karoll.*

The qualifications, experience and special responsibilities of the Directors and Company Secretary are shown on pages 28 to 31 of the Annual Report.

Directorships of listed companies

Mr R Neale is a Director of New Hope Corporation Limited and Planet Gas Limited. No other Director has been a Director of other listed companies at any time in the three years before 30 June 2012.

Principal activities

During the year the principal continuing activities of the Group consisted of the production of coal seam gas and the exploration and appraisal for coal seam gas in the Bowen and Galilee Basins in central Queensland.

Dividends

During the financial year, no amounts have been paid or declared by way of dividend (2011: nil). No dividend will be recommended by the Directors for declaration at the forthcoming Annual General Meeting.

As a matter of policy, the Board will, to the extent that is prudent, pay dividends from profits. The payment of dividends will be dependent on a number of factors including availability of profits, the Company's Franking Credit position, operating results, cash flow, financial and taxation positions, future capital requirements and other factors considered relevant by the Board. In view of the expected capital requirements for future exploration, appraisal and development activity, payment of a dividend would not be appropriate prior to establishing a long term profit stream which is capable of supporting both capital expenditure and dividend distribution.

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out on pages 1 to 27 of this Annual Report.

The operating loss after income tax for the Group amounted to $7,812,421 (2011: $9,373,687).

Significant changes in the state of affairs

Disposal of interests in Indonesia

On 16 September 2011 the Group completed the sale of its interests in Indonesia, receiving as consideration, plant and equipment with a fair value of $3,664,264 after taking into account WestSide's previous contributions to the cost of the equipment.

Matters subsequent to the end of the financial year

Issue, vesting and lapsing of employee performance rights

In July 2012, 360,910 employee Performance Rights lapsed as a result of vesting conditions not being satisfied and 253,490 unquoted ordinary shares were issued upon the vesting of Performance Rights.

In July 2012, 415,000 new employee Performance Rights with an expiry date of 30 June 2014 were issued.

In September 2012, 105,000 employee Performance Rights lapsed as a result of vesting conditions not being satisfied.

No other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Likely developments in the operations of the Group are described in the Annual Report on page 13.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

Both State and Federal laws regulate the entity's environmental obligations. The Department of Environment and Resource Management has issued Environmental Authorities for each of the Group's Petroleum Leases, Petroleum Pipeline Leases and exploration tenements. These authorities are relatively prescriptive in regard to environmental protection. The Group operated in full compliance with all local and state legislation governing the environmental management of its gas exploration, production and transport activities during 2012. No Government agency has notified the Company of any environmental breaches during the period ended 30 June 2012. Further information is presented at page 27 of the Annual Report.

Greenhouse gas and energy data reporting requirements

The Group is registered under the *National Greenhouse and Energy Reporting Act 2007*, and has systems and processes in place for the collection and calculation of the data required to comply with the Act. Annual reports are lodged as required under the Act.

WestSide believes that certain facilities operated by the Group may qualify for inclusion in the carbon pricing scheme under the provisions of the *Clean Energy Act 2011* and supporting legislation. The Company has implemented systems to capture data to enable it to assess its liability under the scheme and registered as an account holder on the Australian National Registry of Emission Units. There is unlikely to be any material impact on the Group's results in the near term as it is able to recover the direct cost of carbon pricing from its customer.

Retirement, election and continuation in office of Directors

Mr T Karoll and Mr A Gall are the Directors retiring by rotation who, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

Meeting of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2012, and the numbers of meetings attended by each Director is shown in the table below.

DIRECTORS	BOARD MEETINGS		AUDIT AND COMPLIANCE COMMITTEE MEETINGS		REMUNERATION COMMITTEE MEETINGS	
	A	H	A	H	A	H
A Karoll	16	18	*	*	*	*
J Clarke	18	18	1	2	1	1
A Gall	18	18	2	2	1	1
T Karoll	16	18	2	2	*	*
N Mitchell	16	18	*	*	*	*
R Neale	13	18	*	*	1	1

A Attended
H Number of meetings held during the time the Director held office or was a member of the Board or Committee during the year.
** Not a member of the relevant Committee*

REMUNERATION REPORT

The information provided in this Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001.*

A Principles used to determine the nature and amount of remuneration

The Board is responsible for setting a remuneration policy which enables the Group to attract and retain valued employees; motivate senior executives and executive Directors to pursue long term growth; demonstrate a clear relationship between performance and remuneration; and has regard to prevailing market conditions.

The Board, within the maximum amount approved by the shareholders from time to time, determines remuneration of Non-executive Directors with advice from independent experts where required. Currently Non-executive Directors receive $55,000 pa, with an additional $5,000 pa payable for serving on each formal Board Committee.

Remuneration and other terms of employment for the Chief Executive Officer and certain other senior executives are formalised in employment contracts. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Company's operations. The remuneration packages can include various components: fixed remuneration; short term incentives (cash bonus linked to key performance indicators and company performance targets); and long-term equity-based incentives. The incentive components are structured to align executive reward with the achievement of strategic objectives and the creation of shareholder value and to encourage retention of personnel.

The key performance indicators (KPIs) and other targets for each executive are reviewed at least annually to ensure that they remain relevant and appropriate, and may be varied to ensure that the benefits offered to each executive to incentivise performance and achievement are consistent with the Company's goals and objectives. Short term KPIs are focussed on maintaining a safe workplace, satisfying all regulatory environmental requirements, increasing sales revenues and profits, reducing development and exploration costs and increasing gas reserves to underwrite sales contracts or downstream development. Key performance indicators are generally set so that targets can be measured objectively, thus allowing simple and unambiguous assessment of achievement. A component of the short term incentive is linked more generally to the Company's performance during the period to provide further alignment between an executive's performance and the overall goals of the Company.

Long term incentives currently take the form of grants of Performance Rights in accordance with the WestSide Employee Performance Rights Plan. Performance Rights have a number of vesting conditions to encourage performance and commitment by staff and to align performance with shareholder interests. Vesting conditions can include corporate targets, such as certification of additional gas reserves, and assessment of individual performance. Other Performance Rights have been issued as a retention incentive to encourage long-term commitment from key staff. Performance Rights issued as retention incentives generally have vesting dates more than two years from grant date. Each Performance Right that vests converts into one ordinary share in the Company and is then subject to further disposal restrictions.

An annual allocation may be made to selected staff on similar terms to provide an ongoing long-term incentive.

In previous years some senior employees and Directors were granted Incentive Options with exercise prices approximating the share price at the time of grant. The Incentive Options do not vest for a significant period so as to encourage long-term commitment by staff. Long term value is thus linked to the increase in share value, aligning performance with shareholders' interests.

The Company's development, exploration and appraisal operations are expected to deliver results over an extended period of time, such that the relationship between the Company's remuneration policy and the Company's short term performance may not be immediately apparent on a year-to-year basis. This has been the case in relation to earnings, as the Company does not expect to record a profit until additional revenues can be derived from the increased gas production which is expected to result from the current development programs.

The table below displays performance measures relative to earnings and shareholder wealth (share price) since 2008:

		30 JUNE				
		2012	**2011**	**2010**	**2009**	**2008**
3P gas reserves	*(PJ)*	**725**	369	211	211	-
2P gas reserves	*(PJ)*	**258**	221	-	-	-
Gas sales	*(PJ)*	**1.81**	1.76	-	-	-
Net profit/(loss)	*($'000)*	**(7,812)**	(9,374)	(2,463)	(3,185)	(1,274)
Share price	*($ per share)*	**$0.335**	$0.235	$0.44	$0.52	$0.67

A Principles used to determine the nature and amount of remuneration (continued)

The Company's operations during the year ended 30 June 2012 were focussed on production, development and exploration activity at the Meridian SeamGas gas field in central Queensland. Gas sales volumes in the June quarter 2012 were 35% higher than the same period in 2011 and revenues for the three months to June were 51% higher than the previous year.

Considerable value has been added to the Company's assets during the year, with the Group's Proved and Probable (2P) gas reserves increasing by 17% to 258 Petajoules. Proved (1P) gas reserves increased 86% and 3P gas reserves increased by 96% to a total of 725 Petajoules.

Despite difficult trading conditions in global and domestic share markets during the year, the Company's share price has increased 42% over the financial year to 30 June 2012.

While the gas reserves targets were achieved, a number of other milestones linked to production and cost control were not fully satisfied resulting in the award of approximately 38% of the maximum short term incentive applicable to overall company performance for the year (representing 50% of maximum short term incentives). Of the maximum 50% of total short term incentive entitlements attributable to achievement of personal KPIs, employees received between 40% and 100% of their maximum entitlement, depending on individual performance.

B Summary of remuneration

Amounts of remuneration

Details of the nature and amount of each element of remuneration of each Director and the other key management personnel (as defined in AASB 124 *Related Party Disclosures*) of WestSide Corporation Limited and the WestSide Corporation Limited Group are set out in the following tables.

Non-executive Director Remuneration

Details of the remuneration of each Non-executive Director of the Company and Group are set out in the following table.

	SHORT-TERM EMPLOYEE BENEFITS	POST-EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS	
Name	**Cash salary/fees $**	**Superannuation $**	**Options[2] $**	**Total $**
2012				
J Clarke[1]	**62,500**	**-**	**-**	**62,500**
A Gall	**57,339**	**5,161**	**6,696**	**69,196**
T Karoll	**52,752**	**4,748**	**4,464**	**61,964**
N Mitchell	**48,165**	**4,335**	**-**	**52,500**
R Neale	**52,752**	**4,748**	**-**	**57,500**
Total 2012	**273,508**	**18,992**	**11,160**	**303,660**
2011				
J Clarke[1]	49,583	-	-	49,583
A Gall	45,872	4,128	-	50,000
T Karoll	45,872	4,128	-	50,000
N Mitchell	41,284	3,716	-	45,000
R Neale	47,209	4,249	-	51,458
Total 2011	**229,820**	**16,221**	**-**	**246,041**

1 *Director's fees for Mr J Clarke are paid to Infrastructure Capital Group Limited.*
2 *The amount of remuneration attributed to Incentive Options in 2012 results from the alteration of their exercise price. Full details of Incentive Options are set out later in this report in section D (Share-based compensation).*

REMUNERATION REPORT (continued)

B Summary of remuneration (continued)

Remuneration of Other Key Management Personnel

Details of the remuneration of each of the Company's and Group's key management personnel for the year ended 30 June 2012 are set out in the following table.

		SHORT-TERM EMPLOYEE BENEFITS			POST-EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS		
Name	Remuneration Period	Cash salary/ fees $	Cash bonus $	Other $	Super-annuation $	Options[1] $	Perform-ance Rights[1] $	Total $
2012								
Executive Directors								
A Karoll	Full year	201,835	-	-	18,165	6,715	-	226,715
Other key management personnel								
J Beeby	Full year	340,367	-	9,023	30,187	-	151,081	530,658
G Borgelt	Full year	238,349	28,200	-	21,451	-	11,379	299,379
R Cowie[2]	From 3 January 2012	198,450	-	-	-	-	26,778	225,228
P Dingle	Full year	221,560	19,550	31,300	19,940	-	20,497	312,847
D Galvin	Full year	261,560	27,000	9,023	23,540	7,548	68,409	397,080
A Knight	Full year	221,184	21,350	-	43,945	-	37,354	323,833
S Mewing	Full year	318,624	32,900	9,023	28,676	5,753	77,767	472,743
Total 2012		**2,001,929**	**129,000**	**58,369**	**185,904**	**20,016**	**393,265**	**2,788,483**
2011								
Executive Directors								
A Karoll	Full year	217,393	150,000	5,511	19,565	6	-	392,475
Other key management personnel								
J Beeby	From 30 August 2010	277,538	-	5,888	24,978	-	113,339	421,743
G Borgelt	From 1 November 2010	151,333	14,200	-	13,620	-	4,498	183,651
P Dingle	Full year	217,502	17,700	27,500	19,575	-	18,160	300,437
D Galvin	Full year	224,449	19,900	6,650	21,119	6,704	51,858	330,680
A Knight	Full year	194,813	23,000	-	44,349	-	32,814	294,976
S Mewing	Full year	289,630	25,000	6,483	26,067	44,324	62,105	453,609
Other Group Executives								
K Potter[3]	Full year	137,486	-	105,569	-	18,182	-	261,237
Total 2011		**1,710,144**	**249,800**	**157,601**	**169,273**	**69,216**	**282,774**	**2,638,808**

1 *Full details of Incentive Options and Performance Rights are set out later in this report in section C (Details of remuneration of Directors and other key management personnel). The amount of remuneration attributable to Incentive Options in 2012 includes the increase in the fair value of the options resulting from the alteration of exercise prices as set out in more detail in section D (Share-based compensation).*

2 *Remuneration for Mr R Cowie is paid to Drill Path Consulting Pty Ltd.*

3 *Mr K Potter is employed by PT Seamgas Indonesia, the joint venture entity in which WestSide Corporation Limited has a 50% interest. His short term employee benefits are disclosed at 50% of their actual value being WestSide's contribution to these costs.*

C Details of remuneration of Directors and other key management personnel

Non-executive Directors

On appointment to the Board, all Non-executive Directors agree to terms of appointment as set out in a letter of appointment. The letter sets out the remuneration applicable and other matters such as general Directors' duties, compliance with the Company's Corporate Governance Policies, access to independent professional advice and confidentiality obligations.

Non-executive Directors' fees and the Chairman's fees are $55,000 pa ($45,000 pa to 30 September 2011), inclusive of compulsory superannuation where applicable. Committee members receive an additional $5,000 pa for each Committee position. There are no termination payments applicable.

Directors who held positions during the process of raising capital from cornerstone investors and from the Initial Public Offering in the year ended 30 June 2007 received Incentive Options. Further details are set out in section D of this report (Share-based compensation).

Other key management personnel

Remuneration and other terms of employment for the Executive Chairman and the other key management personnel are generally by way of employment contracts. These agreements may provide for the provision of performance-related cash bonuses and Performance Rights. Car parking is provided for some key management personnel. Unless otherwise specified below, employment can usually be terminated with one months notice by either party, or immediately by the Company in a number of circumstances including serious misconduct, wilful neglect of duties, bankruptcy or criminal conviction.

Other major provisions of the agreements relating to remuneration are set out below.

A Karoll, Chairman

- Chairman – remuneration package of $220,000 per annum.

J Beeby, Chief Executive Officer

- Base remuneration package, inclusive of superannuation of $371,000 per annum, reviewed annually.
- Employment can be terminated with three months notice by either party, or immediately by the Company in a number of circumstances including serious misconduct, wilful neglect of duties, bankruptcy or criminal conviction.
- Grant of 761,400 Performance Rights. Of these, 182,000 will vest after 31 December 2015 if still employed at that time and up to 579,400 will vest after 30 June 2012 dependent on the employee satisfying various vesting conditions tied to overall personal performance and general company performance. In July 2012, 253,490 Performance Rights vested into ordinary shares and 325,910 Performance Rights lapsed. Further details of Performance Rights granted are set out in section D of this report (Share-based compensation).

G Borgelt, Commercial Manager

- Base remuneration package, inclusive of superannuation of $259,800 per annum, reviewed annually.
- Short-term performance bonus of up to 15% of annual base salary earned upon assessment of overall personal performance and general company performance by 30 June 2012. In recognition of performance during the year, 79% of the bonus was awarded, resulting in payment of a bonus of $28,200 in August 2012.
- Grant of 130,000 Performance Rights which will vest after 31 December 2015 if still employed at that time. Further details of Performance Rights granted are set out in section D of this report (Share-based compensation).

R Cowie, General Manager – Production

- Commenced 3 January 2012. Fixed term contract ending 21 December 2012.
- Base remuneration package of $1,890 per day paid to Drill Path Consulting Pty Ltd.
- Grant of 150,000 Performance Rights to vest after 31 December 2012 dependent on the employee satisfying various vesting conditions linked to safety and field production targets. Further details of Performance Rights granted are set out in section D of this report (Share-based compensation).

P Dingle, Moura Area Manager

- Base remuneration package, inclusive of superannuation of $241,500 per annum, reviewed annually and a $2,500 per month allowance for living away from home whilst performing his duties (increased to $2,933 per month from April 2012).
- Short-term performance bonus of up to 15% of annual base salary earned upon assessment of overall personal performance and general company performance by 30 June 2012. In recognition of performance during the year, 59% of the bonus was awarded, resulting in payment of a bonus of $19,550 in August 2012.
- Grant of 120,000 Performance Rights which will vest after 31 December 2015 if still employed at that time. Further details of Performance Rights granted are set out in section D of this report (Share-based compensation).

REMUNERATION REPORT (continued)

C Details of remuneration of Directors and other key management personnel (continued)

Other key management personnel (continued)

D Galvin, Chief Financial Officer and Company Secretary

- Base remuneration package, inclusive of superannuation of $285,100 per annum, reviewed annually.
- Short-term performance bonus of up to 15% of annual base salary earned upon assessment of overall personal performance and general company performance by 30 June 2012. In recognition of performance during the year, 69% of the bonus was awarded, resulting in payment of a bonus of $27,000 in August 2012.
- Grant of 140,000 Performance Rights which will vest after 31 December 2015 if still employed at that time. Further details of Performance Rights granted are set out in section D of this report (Share-based compensation).

A Knight, Exploration Manager

- Base remuneration package, inclusive of superannuation of $264,000 per annum, reviewed annually.
- Employment can be terminated with three months notice by the employee and one month's notice by the Company, or immediately by the Company in a number of circumstances including serious misconduct, wilful neglect of duties, bankruptcy or criminal conviction.
- Short-term annual performance bonus of up to 15% of annual base salary earned upon assessment of overall personal performance and general company performance. In recognition of performance during the year, 59% of the bonus was awarded, resulting in payment of a cash bonus of $21,350 in August 2012. A further bonus of $1,000 was paid during the year for introducing a successful candidate for a vacant position.
- Grant of 130,000 Performance Rights which will vest after 31 December 2015 if still employed at that time. Further details of Performance Rights granted are set out in section D of this report (Share-based compensation).

S Mewing, Chief Operating Officer

- Base remuneration package, inclusive of superannuation of $347,300 per annum, reviewed annually.
- Employment can be terminated with three months notice by either party, or immediately by the Company in a number of circumstances including serious misconduct, wilful neglect of duties, bankruptcy or criminal conviction.
- Short-term annual performance bonus of up to 15% of annual base salary earned upon assessment of overall personal performance and general company performance. In recognition of performance during the year, 69% of the bonus was awarded, resulting in payment of a cash bonus of $32,900 in August 2012.
- Grant of 170,000 Performance Rights which will vest after 31 December 2015 if still employed at that time. Further details of Performance Rights granted are set out in section D of this report (Share-based compensation).

D Share-based compensation

Options

The amounts disclosed for remuneration relating to options in the tables in section B (Summary of remuneration) of this report are the assessed fair value at grant date of the Incentive Options granted to Directors and specified executives, allocated equally over the period of service to which the grant relates up to the actual or expected vesting date. The fair value of options are determined using a Black-Scholes-Merton option pricing model that takes into account the exercise price, expected term of the options, the share price at grant date, expected price volatility of the underlying share and the risk-free interest rate for the expected term of the option.

No incentive Options were granted by WestSide Corporation Limited to Key Management Personnel during the year under the WestSide Director and Employee Incentive Option Plan.

The Incentive Options cannot be exercised until their vesting date, and must be exercised before their expiry date. Incentive Options lapse 90 days after an employee/contractor ceases to be engaged by the Company except as indicated below. If, during the life of the Incentive Options, the Company makes a bonus issue to its shareholders, the option holder will be entitled, upon later exercise of that option, to receive additional shares as if the option holder had exercised the option prior to the record date for the bonus issue. The rights of option holders will also be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital. The Board retains the discretion to waive exercise conditions including where there is a change of control of the Company.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Expiry date	Exercise price	Value per option at grant date	Date exercisable (Vesting date)
16 November 2006	10 January 2013	$0.3130	$0.284	After 10 January 2010
27 February 2007	10 January 2013	$0.3130	$0.205	After 10 January 2010
18 April 2007	10 January 2013	$0.3130	$0.195	After 10 January 2010
26 July 2007	30 June 2012	$0.7230	$0.372	After 1 July 2010[1]
14 November 2007	30 June 2012	$0.7230	$0.2015	After 1 July 2010[1]
2 May 2008	30 June 2013	$0.4515	$0.184	After 1 July 2011[2]
24 July 2008	30 June 2013	$0.4515	$0.313	After 1 July 2011[2]
25 September 2008	29 June 2013	$0.3130	$0.292	After 1 July 2011[2]
18 December 2008	29 June 2013	$0.3130	$0.162	After 1 July 2011[2]
29 January 2010	30 June 2013	$0.4515	$0.186	After 1 July 2011[2]

1 *These options vested during the previous financial year and expired during this financial year.*
2 *These options vested during the financial year.*

The fair value of options granted is determined using a Black-Scholes-Merton option pricing model that takes into account the following variables:

- grant date
- share price at grant date
- exercise period
- term of the option – the estimated exercise date part way through the vesting period
- expiry date
- expected share price volatility
- expected dividend yield
- risk-free interest rate: the relevant Australian Government Bond Rate as applicable at individual grant dates

The expected price volatility was based on the historic volatility of the Company's share price and of a selection of junior coal seam gas exploration companies (based on the expected term of the options).

Details of options over ordinary shares of the Company provided as remuneration to each Director of WestSide Corporation Limited and each of the other key management personnel of the Parent Entity and Group are set out below. When exercisable, each option is convertible into one ordinary share of WestSide Corporation Limited. Further information on the options is set out in Note 16(e) to the financial statements.

	NUMBER OF OPTIONS VESTED DURING THE YEAR		NUMBER OF OPTIONS WHICH LAPSED DURING THE THE YEAR[1]	
Name	**2012**	**2011**	**2012**	**2011**
Directors of WestSide Corporation Limited				
A Karoll	**-**	10,000	**10,000**	-
Other key management personnel of the Group				
D Galvin	**62,000**	45,000	**45,000**	-
S Mewing	**300,000**	-	**-**	-

1 *Options lapsed during the year due to passing of the expiry date. As the exercise price of the options exceeded the market value of the Company's shares at the expiry date, the options had a value of nil at that time.*

REMUNERATION REPORT (continued)

D Share-based compensation (continued)

Options (continued)

Alteration of Incentive Option terms

On 17 April 2012 the exercise price of all Incentive Options on issue were altered in accordance with ASX Listing Rules as a result of the 2 for 5 entitlements issue of new shares. The market value of a share in the Company on 17 April 2012 was 38 cents.

Apart from the alteration of the exercise price, the terms of the Incentives Options after the exercise price were unchanged. The table below sets out the Incentive Options held by Directors and key management personnel which were impacted by the alteration of exercise price:

	NUMBER OF INCENTIVE OPTIONS				INCREASE IN TOTAL FAIR VALUE OF OPTIONS AS A RESULT OF THE ALTERATION
VESTING DATE	1 JULY 2010	10 JANUARY 2010	1 JULY 2011	1 JULY 2011	
EXPIRY DATE	30 JUNE 2012	10 JANUARY 2013	29 JUNE 2013	30 JUNE 2013	
ORIGINAL EXERCISE PRICE	$0.7714	$0.3614	$0.3614	$0.4999	
NEW EXERCISE PRICE	$0.7230	$0.3130	$0.3130	$0.4515	
	Number	Number	Number	Number	$
2012					
Directors of WestSide Corporation Limited					
A Karoll	10,000	300,000	-	-	6,714
A Gall	-	300,000	-	-	6,696
T Karoll	-	200,000	-	-	4,464
Other key management personnel of the Group					
D Galvin	45,000	300,000	-	62,000	7,530
S Mewing	-	-	300,000	-	5,631

Performance Rights

Eligible employees have been granted allocations of Performance Rights which are subject to various vesting conditions, including completion of a specified minimum service period or the achievement of various company and personal performance targets and service milestones.

The plan is designed to align the performance of employees with that of shareholders and to assist in the retention of experienced personnel.

Each Performance Right that satisfies its vesting conditions can be converted to one ordinary share for nil consideration. Upon conversion, the issued ordinary shares will be subject to a holding lock until the earlier of seven years from grant, or cessation of employment.

The Board retains the discretion to waive vesting conditions in certain instances where there is a takeover offer for the Company or other events such as a merger or scheme of arrangement.

The amounts disclosed for remuneration relating to Performance Rights in the tables in section B (Summary of Remuneration) of this report are the assessed fair value at grant date of an underlying Ordinary Share in WestSide Corporation Limited, adjusted to reflect the proportionate number of Performance Rights which are ultimately expected to satisfy their vesting conditions. The value is allocated equally over the period of service to which the grant relates up to the actual or expected vesting date.

The terms and conditions of each grant of Performance Rights affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Vesting date	Expiry date	Value per right at grant date	Vesting conditions
29 March 2010	31 December 2010	31 December 2011	$0.54	1
29 March 2010	31 December 2012	31 December 2013	$0.54	2
5 March 2010	31 December 2010	31 December 2011	$0.475	1
5 March 2010	31 December 2012	31 December 2013	$0.475	2
11 May 2010	31 December 2010	31 December 2011	$0.53	1
11 May 2010	31 December 2012	31 December 2013	$0.53	2
15 July 2010	31 December 2012	31 December 2013	$0.45	2
15 July 2010	30 June 2011	30 June 2012	$0.45	3
28 September 2010	31 December 2014	31 December 2015	$0.415	2
24 February 2011	31 December 2014	31 December 2015	$0.34	2
12 December 2011	30 June 2012	30 June 2013	$0.265	4
31 October 2011	31 December 2014	31 December 2015	$0.28	2
21 November 2011	31 December 2014	31 December 2015	$0.265	2
21 November 2011	31 December 2015	31 December 2016	$0.265	2
7 March 2012	31 December 2015	31 December 2016	$0.40	2
8 March 2012	31 December 2012	31 December 2013	$0.40	4

1 *Vest after 31 December 2010 to participants employed at that time, at the discretion of the Board after considering company and personal performance to 31 December 2010. These performance rights vested / lapsed during the previous financial year.*
2 *Vest after the vesting date if the participant is employed at that date.*
3 *Vest after the vesting date if the participant is employed at that time, at the discretion of the Board after considering company and personal performance in the 12 months ending on the vesting date. These performance rights vested / lapsed during the financial year.*
4 *Vest after the vesting date if the participant is employed at that time, at the discretion of the Board after considering company and personal performance in the 12 months ending on the vesting date.*

REMUNERATION REPORT (continued)

D Share-based compensation (continued)

Performance Rights (continued)

Details of Performance Rights of the Company provided as remuneration to each of the other key management personnel of the Parent Entity and Group are set out below. When the vesting conditions are satisfied, each Performance Right is convertible into one ordinary share of WestSide Corporation Limited. Further information on the Performance Rights is set out in Note 16(f) to the financial statements.

	NUMBER OF PERFORMANCE RIGHTS GRANTED DURING THE YEAR		NUMBER OF PERFORMANCE RIGHTS WHICH VESTED DURING THE YEAR AND WERE CONVERTED INTO ORDINARY SHARES[1]		NUMBER OF PERFORMANCE RIGHTS WHICH LAPSED DURING THE YEAR DUE TO NON-SATISFACTION OF VESTING CONDITIONS[2]	
Name	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Other key management personnel of the Group						
J Beeby	**761,400**	712,700	**173,550**	-	**139,150**	-
G Borgelt	**130,000**	-	**-**	-	**-**	-
R Cowie	**150,000**	-	**-**	-	**-**	-
P Dingle	**120,000**	80,000	**-**	15,300	**-**	14,700
D Galvin	**140,000**	100,000	**-**	33,600	**-**	26,400
A Knight	**130,000**	80,000	**-**	35,700	**-**	34,300
S Mewing	**170,000**	100,000	**-**	46,480	**-**	36,520

1 *Each Performance Right was converted into one ordinary share. The value of each ordinary share at vesting date was 29 cents (2011: 36 cents).*
2 *The value of each ordinary share at the date of lapsing was 29 cents (2011: 36 cents).*

E Additional information

Details of remuneration: cash and equity bonuses

For each cash bonus and grant of options and rights included in section B (Summary of remuneration) and section C (Details of remuneration of Directors and other key management personnel) of this report, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the performance criteria is set out below:

	CASH BONUS		INCENTIVE OPTIONS AND PERFORMANCE RIGHTS[1]					
Name	**Paid %**	**Forfeited %**	**Proportion of remuneration consisting of options/rights[2] %**	**Year granted (year ending 30 June)**	**Vested/ Forfeited %**	**Year in which options/rights may vest (year ending 30 June)**	**Maximum total value yet to vest[3] $**	**Value of options/ rights at grant date[4] $**
2012								
Directors of WestSide Corporation Ltd								
A Gall	-	-	10	2007	-	2010	-	85,200
A Karoll	-	-	3	2008	-	2011	-	2,015
				2007	-	2010	-	85,200
T Karoll	-	-	7	2007	-	2010	-	56,800

	CASH BONUS		INCENTIVE OPTIONS AND PERFORMANCE RIGHTS[1]					
Name	Paid %	Forfeited %	Proportion of remuneration consisting of options/rights[2] %	Year granted (year ending 30 June)	Vested/ Forfeited %	Year in which options/rights may vest (year ending 30 June)	Maximum total value yet to vest[3] $	Value of options/ rights at grant date[4] $
Other key management personnel								
J Beeby	-	-	28	2012	-	2015	68,820	72,800
				2012	-	2013	86,367	153,541
				2011	-	2013	81,148	180,000
				2011	56/44	2012	-	140,715
G Borgelt	79	21	4	2012	-	2016	49,157	52,000
				2011	-	2015	55,666	68,700
R Cowie	-	-	12	2012	-	2013	33,222	60,000
P Dingle	59	41	7	2012	-	2016	45,376	48,000
				2011	-	2015	22,447	27,200
				2010	-	2013	18,630	42,400
D Galvin	69	31	19	2012	-	2016	52,939	56,000
				2011	-	2015	28,059	34,000
				2010	-	2013	80,850	189,000
				2009	-	2012	-	19,406
				2008	-	2011	-	16,740
				2007	-	2010	-	85,200
A Knight	59	41	12	2012	-	2016	49,157	52,000
				2011	-	2015	22,447	27,200
				2010		2013	40,897	95,000
S Mewing	69	31	18	2012	-	2016	64,283	68,000
				2011	-	2015	28,059	34,000
				2010	-	2013	92,400	216,000
				2009	-	2012	-	87,000

1 *The Incentive Options and Performance Rights have a minimum value yet to vest of nil, because failure to meet the vesting conditions will result in forfeiture of the options or rights.*
2 *The proportion of remuneration consisting of Incentive Options and Performance Rights is based on the value of options and rights expensed during the financial year ending 30 June 2012.*
3 *The maximum total value of Incentive Options and Performance Rights yet to vest has been determined as that amount of the value at grant date (amended for any subsequent fair value increment resulting from any alteration to the option terms) that is yet to be expensed.*
4 *The value at grant date is calculated as described in section D (Share-based compensation).*

REMUNERATION REPORT (continued)

E Additional information (continued)

Details of remuneration: cash and equity bonuses (continued)

	CASH BONUS		INCENTIVE OPTIONS AND PERFORMANCE RIGHTS[1]					
Name	Paid %	Forfeited %	Proportion of remuneration consisting of options/rights[2] %	Year granted (year ending 30 June)	Vested/ Forfeited %	Year in which options/rights may vest (year ending 30 June)	Maximum total value yet to vest[3] $	Value of options/ rights at grant date[4] $
2011								
Directors of WestSide Corporation Ltd								
A Gall	-	-	-	2007	-	2010	-	85,200
A Karoll	100	-	-	2008	-	2011	-	2,015
				2007	-	2010	-	85,200
T Karoll	-	-	-	2007	-	2010	-	56,800
Other key management personnel								
J Beeby	-	-	27	2011	-	2013	144,759	180,000
				2011	-	2012	62,618	140,715
G Borgelt	64	36	2	2011	-	2015	64,202	68,700
P Dingle	51	49	6	2011	-	2015	25,990	27,200
				2010	-	2013	32,961	42,400
				2010	51/49	2011	-	15,900
D Galvin	57.5	42.5	18	2011	-	2015	32,488	34,000
				2010	-	2013	141,769	189,000
				2010	56/44	2011	-	32,400
				2009	-	2012	18	19,406
				2008	-	2011	-	16,740
				2007	-	2010	-	85,200
A Knight	64	36	11	2011	-	2015	25,990	27,200
				2010		2013	71,866	95,000
				2010	51/49	2011	-	33,250
S Mewing	57.5	42.5	23	2011	-	2015	32,488	34,000
				2010	-	2013	162,021	216,000
				2010	56/44	2011	-	44,820
				2009	-	2012	121	87,000
Other Group executives								
K Potter	-	-	7	2010	-	2012	25	18,600
				2009	-	2012	75	55,200

1 *The Incentive Options and Performance Rights have a minimum value yet to vest of nil, because failure to meet the vesting conditions will result in forfeiture of the options or rights.*

2 *The proportion of remuneration consisting of Incentive Options and Performance Rights is based on the value of options and rights expensed during the financial year ending 30 June 2011.*

3 *The maximum total value of Incentive Options and Performance Rights yet to vest has been determined as that amount of the value at grant date (amended for any subsequent fair value increment resulting from any alteration to the option terms) that is yet to be expensed.*

4 *The value at grant date is calculated as described in section D (Share-based compensation).*

Shares under option

Unissued ordinary shares of WestSide Corporation Limited under option at the date of this report are as follows:

Date options issued	Vesting date	Expiry date	Issue price of shares	Number under option	Note
16 November 2006	10 January 2010	10 January 2013	$0.3130	1,100,000	1
10 May 2007	10 January 2010	10 January 2013	$0.3130	140,000	1
25 August 2008	1 July 2011	30 June 2013	$0.4515	62,000	1
25 August 2008	1 July 2011	30 June 2013	$0.4515	300,000	2
19 May 2009	1 July 2011	29 June 2013	$0.3130	300,000	1
29 January 2010	1 July 2011	30 June 2013	$0.4515	100,000	2

1 *Incentive Options: The Incentive Options cannot be exercised until their vesting date, and must be exercised before their expiry date. All Incentive Options lapse 90 days after an employee/contractor ceases to be engaged by the Company. If, during the life of the Incentive Options, the Company makes a bonus issue to its shareholders, the option holder will be entitled, upon later exercise of that option, to receive additional shares as if the option holder had exercised the option prior to the record date for the bonus issue. The rights of option holders will also be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital. The Board retains the discretion to waive exercise conditions including where there is a change of control of the Company.*

2 *Incentive Options: The Incentive Options cannot be exercised until their vesting date, and must be exercised before their expiry date. All Incentive Options lapse 90 days after an employee ceases to be engaged by the Company where employment was terminated by way of summary dismissal. If, during the life of the Incentive Options, the Company makes a bonus issue to its shareholders, the option holder will be entitled, upon later exercise of that option, to receive additional shares as if the option holder had exercised the option prior to the record date for the bonus issue. The rights of option holders will also be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital. The Board retains the discretion to waive exercise conditions including where there is a change of control of the Company.*

Insurance of officers

Insurance and indemnity arrangements are in place for officers of the Company.

To the extent permitted by law, the Company indemnifies every person who is or has been an officer against:

- any liability to any person (other than the Company, related entities or a major shareholder) incurred while acting in that capacity and good faith; and
- costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

The Board has considered the position and, in accordance with the advice received from the Audit and Compliance Committee is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Compliance Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 "Code of Ethics for Professional Accountants".

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 51.

Non-audit services (continued)

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for non-audit services provided during the year are set out below (Amounts paid or payable in respect of audit services are set out in Note 23).

	CONSOLIDATED	
	2012 $	2011 $
Taxation services		
Taxation compliance	**30,000**	20,000
Taxation advice	**8,500**	27,000
R&D Tax advice	**29,261**	43,953
GST advice	**3,540**	7,785
Total remuneration for taxation services	**71,301**	**98,738**
Other services		
Advice on potential business acquisitions	**-**	131,247
Review of accounting treatment of specific transactions	**-**	6,000
The following fees were paid or payable for services provided by related practices of PricewaterhouseCoopers' Australian firm:		
Other services		
Advice on Meridian SeamGas acquisition	**-**	950,000
Total remuneration for non-audit services	**71,301**	**1,185,985**

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.

A Karoll
Director

Brisbane

26 September 2012

pwc

Auditor's Independence Declaration

As lead auditor for the audit of WestSide Corporation Limited for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of WestSide Corporation Limited and the entities it controlled during the period.

Brett Delaney
Partner

PricewaterhouseCoopers

Brisbane, 26 September 2012

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012 WESTSIDE CORPORATION LIMITED

	Notes	CONSOLIDATED 2012 $'000	CONSOLIDATED 2011 $'000
Revenue from continuing operations	3(a)	**8,760**	12,024
Other income	3(b)	**-**	34
Total income from continuing operations		**8,760**	**12,058**
EXPENSES			
Depreciation and depletion	4	**(5,791)**	(4,818)
Employment		**(5,716)**	(5,309)
Operating costs and consumables – gas field		**(3,054)**	(2,083)
Operating costs and consumables – drilling rig		**(1,456)**	(3,703)
Other operations and administration		**(1,260)**	(1,372)
Accounting, legal and compliance		**(1,247)**	(877)
Occupancy		**(604)**	(660)
Gas purchases		**(328)**	(720)
Gas supply remedy charge		**-**	(225)
Finance costs	4	**(1,143)**	(1,385)
Total expenses		**(20,599)**	**(21,152)**
Loss before income tax		**(11,839)**	(9,094)
Income tax credit / (expense)	5	**363**	-
Loss from continuing operations		**(11,476)**	(9,094)
Profit / (loss) from discontinued operations		**3,664**	(280)
Loss from continuing and discontinued operations		**(7,812)**	**(9,374)**
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign subsidiaries		**(1)**	1
Total comprehensive loss for the year attributable to the owners of WestSide Corporation Limited		**(7,813)**	**(9,373)**

		2012 Cents	2011 Cents
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic and diluted earnings per share	24	**(4.18)**	(3.60)
Loss per share for loss attributable to the ordinary equity holders of the Company:			
Basic and diluted earnings per share	24	**(2.85)**	(3.71)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2012 WESTSIDE CORPORATION LIMITED

	Notes	CONSOLIDATED 2012 $'000	CONSOLIDATED 2011 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	**34,059**	23,053
Trade and other receivables	7	**1,641**	2,867
Inventories	8	**2,953**	2,261
Total current assets		**38,653**	28,181
Non-current assets			
Gas field assets	10(a)	**72,140**	58,176
Property, plant and equipment	10(b)	**9,780**	2,716
Intangible assets – exploration and evaluation costs	11	**17,200**	27,286
Other	9	**-**	3,636
Total non-current assets		**99,120**	91,814
Total assets		**137,773**	119,995
LIABILITIES			
Current liabilities			
Trade and other payables	12	**5,402**	9,576
Borrowings	13	**28**	20
Provisions	15(a)	**2,833**	3,276
Total current liabilities		**8,263**	12,872
Non-current liabilities			
Borrowings	14	**100**	15
Provisions	15(b)	**17,870**	12,284
Total non-current liabilities		**17,970**	12,299
Total liabilities		**26,233**	25,171
Net assets		**111,540**	94,824
EQUITY			
Contributed equity	16	**134,549**	110,479
Reserves	17(a)	**1,432**	974
Accumulated losses	17(b)	**(24,441)**	(16,629)
Total equity		**111,540**	94,824

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012 WESTSIDE CORPORATION LIMITED

	Notes	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2010		**107,316**	**648**	**(7,255)**	**100,709**
Loss for the year		-	-	(9,374)	(9,374)
Other comprehensive income for the year		-	1	-	1
Total comprehensive income for the year to 30 June 2011		**-**	**1**	**(9,374)**	**(9,373)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	16(c)	3,018	-	-	3,018
Employee share options	17(a)	-	59	-	59
Employee performance rights	17(a)	145	266	-	411
Balance at 30 June 2011		**110,479**	**974**	**(16,629)**	**94,824**
Loss for the year		**-**	**-**	**(7,812)**	**(7,812)**
Other comprehensive income for the year		**-**	**(1)**	**-**	**(1)**
Total comprehensive income for the year to 30 June 2012		**-**	**(1)**	**(7,812)**	**(7,813)**
Transactions with owners in their capacity as owners:					
Contributions of equity net of transaction costs	16(c)	**23,992**	**-**	**-**	**23,992**
Employee share options	17(a)	**-**	**39**	**-**	**39**
Employee performance rights	17(a)	**78**	**420**	**-**	**498**
Balance at 30 June 2012		**134,549**	**1,432**	**(24,441)**	**111,540**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012 WESTSIDE CORPORATION LIMITED

	Notes	CONSOLIDATED 2012 $'000	CONSOLIDATED 2011 $'000
Cash flows from operating activities			
Receipts from customers		**9,217**	5,074
Receipts of refunds of goods and services tax		**5,727**	3,983
Payments to suppliers and employees (inclusive of goods and services tax)		**(28,854)**	(25,716)
Interest received		**837**	2,243
Income tax refunds		**363**	-
Interest paid		**(17)**	(9)
Net cash outflow from operating activities	6(a)	**(12,727)**	**(14,425)**
Cash flows from investing activities			
Receipts from joint venture participants (inclusive of Goods and Services Tax)		**19,937**	27,549
Proceeds from sale of interests in exploration tenements		**13,432**	-
Payments for acquisition of joint venture assets and liabilities		**-**	(28,696)
Payments for development work in progress		**(24,512)**	(19,345)
Payments for exploration and evaluation		**(8,940)**	(14,867)
Payments for property, plant and equipment		**(275)**	(824)
Proceeds from sale of property, plant and equipment		**13**	52
Investment in joint venture entities		**-**	(43)
Net cash outflow from investing activities		**(345)**	**(36,174)**
Cash flows from financing activities			
Proceeds from issues of shares		**25,419**	-
Payments of share issue costs		**(1,319)**	(124)
Proceeds from borrowings		**454**	-
Repayment of borrowings		**(474)**	(19)
Finance lease payments		**(3)**	-
Net cash inflow / (outflow) from financing activities		**24,077**	**(143)**
Net increase/(decrease) in cash and cash equivalents		**11,005**	(50,742)
Cash and cash equivalents at the beginning of the financial year		**23,053**	73,794
Effects of exchange rate changes on cash and cash equivalents		**1**	1
Cash and cash equivalents at end of year	6	**34,059**	**23,053**

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

This financial report covers the Consolidated Entity consisting of WestSide Corporation Limited (the "Company" or "Parent Entity" or "WestSide") and its subsidiaries. The financial report is presented in the Australian currency.

WestSide Corporation Limited is a company limited by shares, incorporated and domiciled in Australia. Its Registered Office is Level 8, 300 Queen Street, Brisbane, Queensland, 4000.

A description of the nature of the Consolidated Entity's operations and its principal activities is included in the attached Annual Report on pages 1 to 34 and in the Directors' Report on pages 36 to 50, both of which are attached to, but do not form part of this financial report.

The financial report was authorised for issue by the Directors on 26 September 2012. The Company has the power to amend and reissue the financial report.

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Going concern

As at 30 June 2012 the Group held cash and cash equivalents of $34 million (2011: $23 million). The Group holds interests in several gas projects at various stages of development and intends to continue investing capital to assess and develop those assets. The Company has some discretion as to how aggressively it can pursue these plans and can tailor its short-term activities to match available capital. In the medium term, additional funds are likely to be required from other sources as existing cash balances, combined with expected cash inflows from the Company's production operations, are not expected to be sufficient to fund the planned level of future development and exploration activity. Although the level and timing of future capital requirements is uncertain, the Group expects to be able to source funds from various alternative sources when required, including: corporate debt facilities; asset finance; project finance; issues of new securities; and if required, farm-outs of part interests in existing projects to other parties.

The Directors believe that the Company will be successful in sourcing alternative funds when required and will meet its debts and commitments as they fall due and, accordingly, have prepared the Financial Report on a going concern basis.

Compliance with IFRS

The consolidated financial statements and notes of the WestSide Corporation Limited Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment where relevant.

Comparative information

Comparative information has been reclassified where appropriate to enhance comparability.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of WestSide Corporation Limited as at 30 June 2012 and the results of all subsidiaries for the year then ended. WestSide Corporation Limited and its subsidiaries together are referred to in this financial report as the "Group" or the "Consolidated Entity".

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to Note 1(f)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated Statement of Comprehensive Income and Balance Sheet respectively.

Joint ventures

Jointly controlled assets

The proportionate interests in the assets, liabilities and expenses of joint venture activities have been incorporated in the financial statements under the appropriate headings. Details of joint ventures are set out in Note 19.

Joint venture entities

Interests in jointly-owned companies are accounted for in the consolidated financial statements using the equity method. Under the equity method, the share of the profits or losses of jointly-owned companies are recognised in the Statement of Comprehensive Income, and the share of movements in reserves is recognised in reserves in the Balance Sheet. The cumulative profits, losses and reserves movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture entity equals or exceeds the cost of its investment in the joint venture entity, including any other long-term unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture entity. Further details of jointly-owned companies are set out in Note 19.

Profits or losses on transactions with the joint venture are eliminated to the extent of the Group's ownership interest until such time that they are realised by the joint venture on consumption or sale unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

(c) Trade and other receivables

All trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provisions for doubtful debts. Collectability is reviewed on an ongoing basis. Debts which are known to be uncollectible are written-off. An allowance for doubtful debts (provision for impairment of trade receivables) is made where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate. The amount of any impairment loss is recognised in the Statement of Comprehensive Income. Subsequent recoveries of amounts previously written-off are credited against expenses in the Statement of Comprehensive Income.

Trade receivables are due for settlement no more than 30 days from the date of recognition.

(d) Inventories

Stores, consumables and work in progress are stated at the lower of cost and net realisable value. Cost comprises direct materials and labour incurred and includes the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of inventory items. The costs are assigned to individual items on the basis of weighted average cost. Costs of purchased inventory are determined after deducting rebates and discounts.

(e) Exploration, evaluation, development and restoration costs

Exploration and evaluation costs

Exploration and evaluation expenditure incurred by or on behalf of the entity is accumulated separately for each area of interest. Such expenditure comprises net direct costs and related overhead expenditure only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates.

Each area of interest is limited to a size related to a known or probable petroleum resource. Currently the Company operates in multiple areas of interest in the Bowen and Galilee Basins in Queensland, and each is generally defined by tenement permit boundaries. The Company's interests in tenements are set out on page 98 of this Annual Report.

Exploration expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Exploration expenditure which fails to meet at least one of the conditions outlined above is written off. As the assets are not yet ready for use no depreciation or depletion is recognised.

Expenditure is not carried forward in respect of any area of interest unless the Group's rights of tenure to that area of interest are current.

The ultimate recoupment of exploration and evaluation expenditure is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area.

Gas field assets

When the technical feasibility and commercial viability of extracting the resource is demonstrable, the exploration and evaluation costs carried forward for that area of interest are assessed for impairment and reclassified as "gas field producing assets".

Once commercial production has commenced, the accumulated "development work in progress" relating to that gas field are reclassified as either "property, plant and equipment" (identifiable equipment) or "gas field producing assets" (includes the cost of drilling wells), depending on their nature.

1 Summary of significant accounting policies (continued)

(e) Exploration, evaluation, development and restoration costs (continued)

Depletion and depreciation of gas field assets

Depletion charges are calculated using a unit-of-production method based on the proved and probable (2P) gas reserves relating to the area of interest. The depletion charge effectively amortises the written-down cost of carried-forward gas field producing assets in that area of interest, combined with the expected future cost of developing the 2P gas reserves, over the total 2P gas reserves.

Change in accounting estimates: Depletion and depreciation of development and production assets

Up to 30 June 2011, the Group calculated depletion charges using a unit-of-production method based on the proved (1P) gas reserves relating to the area of interest. The depletion charge effectively amortised the written-down cost of carried-forward gas field producing assets in that area of interest over the total 1P gas reserves.

As at 1 July 2011, new gas reserve estimates were adopted. A review of the historic and expected field production profiles concluded that amortising the full cost of the gas field producing assets over the revised 1P gas reserves base would not appropriately reflect the value of the periodic consumption of the assets to the Group.

Effective 1 July 2011, the Group has calculated depletion charges using a unit-of-production method based on the proved and probable (2P) gas reserves relating to the area of interest. The depletion charge effectively amortises the written-down cost of carried-forward gas field producing assets in that area of interest, combined with the expected future cost of developing the 2P gas reserves, over the total 2P gas reserves.

Restoration, rehabilitation and environmental costs

Future estimated costs for the restoration and rehabilitation of areas affected by development and exploration activities are recognised at the present value of those future costs. The discount rate used to determine the present value reflects current market assessments of the time value of money and risks specific to the liability. Increases in the provision each year which result from the passage of time are recognised as finance costs.

Restoration, rehabilitation and environmental obligations recognised include the costs of reclamation, plant and waste site closure and subsequent monitoring of the environment.

Estimates are reassessed at least annually. Changes in estimates relating to areas of interest in the development or exploration and evaluation phase are dealt with in the period that the change is made, with any amounts that would have been written off or provided against under the accounting policy for development and production assets or exploration and evaluation immediately written off.

(f) Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of assets transferred, equity interests issued or liabilities incurred at the date of acquisition. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in a newly-acquired subsidiary. Any incidental costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of acquisition. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(g) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Gas field assets and exploration and evaluation assets are assessed annually for impairment, and more regularly when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

(h) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset, including any gains or losses from qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the Statement of Comprehensive Income.

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation

Depreciation on assets is provided on a straight-line basis or hours-of-use basis to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. Residual values and estimates of remaining useful lives are assessed annually for all assets.

The expected useful lives are as follows:

Plant and equipment	2–14 years
Buildings	20 years

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

Long service leave liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, projected employee movements and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. As no employees have yet served with the Group long enough for long service leave to vest, no liability has been recognised at balance date.

Bonus plans

A liability for employee benefits in the form of bonus plans is recognised in trade payables and accruals when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- There are formal terms in the plan for determining the amount of the benefit;
- The amounts to be paid are determined before the time of the completion of the financial report; or
- Past practice gives clear evidence of the amount of the obligation.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Equity-based compensation benefits

Equity-based compensation benefits are provided to employees via the WestSide Director and Employee Incentive Option Plan and the Employee Performance Rights Plan.

The fair value of Ordinary Shares, Incentive Options or Performance Rights issued to employees for no cash consideration is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised in reserves over the period during which the employees become unconditionally entitled to the shares, options or rights. When the shares are issued, options exercised or rights converted to shares, the value is transferred to Contributed Equity.

The fair value of Incentive Options are determined using a Black-Scholes-Merton option pricing model that takes into account the exercise price, term of the options, the share price at grant date, expected price volatility of the underlying share and the risk free interest rate for the term of the option.

Performance Rights are valued at the market value of an underlying Ordinary Share in WestSide Corporation Limited at the grant date.

The assessed fair value at grant date of Ordinary Shares, Incentive Options or Performance Rights granted to employees is allocated equally over the period of service to which the benefit relates up to the actual or expected vesting date with the quantity of shares, options or rights being included in the measurement of the transaction being adjusted to reflect the number of shares, options or rights which are expected to, or actually vest.

(k) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in the share proceeds received.

(l) Revenue recognition

Revenue is recognised at the time of delivery of the product to the customer and when the amount of revenue can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of amounts collected on behalf of third parties.

Interest income is recognised on a time proportion basis using the effective interest method.

1 Summary of significant accounting policies (continued)

(m) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in the deferred tax assets and liabilities attributable to temporary differences between the tax bases and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset / liability is realised or settled. The deferred tax assets are not recognised for deductible temporary differences and unused tax losses unless it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Tax consolidation legislation

WestSide and its wholly-owned Australian entities have implemented the tax consolidation legislation. As a consequence, WestSide and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right. In addition to its own current and deferred tax amounts, WestSide as the head entity also recognises the current tax liabilities or assets and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

(n) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of the Company.

Transactions and balances

Foreign currency transactions are translated into the functional currency at the rate of exchange at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items are reported as either part of the fair value gain or loss, or are included in the fair value reserve in equity.

Group companies

The results and financial position of Group entities which have a functional currency different from the Group's presentation currency are translated into the presentation currency. Assets and liabilities are translated at the exchange rate applicable at balance date, while Statement of Comprehensive Income items are translated at the exchange rates applicable at the dates of the transactions, or an average exchange rate where it approximates the results of using individual rates. All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to shareholder's equity.

(o) Investments and other financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date. The treatment of categories relevant to these financial statements is as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the Balance Sheet.

Impairment

The Group and Parent assess at each balance date whether there are indicators that a financial asset or group of financial assets is impaired. Where the carrying value of the asset is assessed as being greater than the estimated present value of future cash flows discounted at an appropriate discount rate, an impairment loss is recognised in the Statement of Comprehensive Income. Impairment losses recognised through the Statement of Comprehensive Income are not reversed.

(p) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provisions of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(q) Cash and cash equivalents

For Cash Flow Statement presentation purposes, cash and cash equivalents includes cash on hand and term deposits held with financial institutions.

(r) Earnings per share

Basic earnings per share is determined by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share adjusts the amounts used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Potential ordinary shares are not considered dilutive where the Group incurs a loss per share.

(s) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the life of the lease.

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding obligation for lease payments, net of finance charges, are recognised as borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(t) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, discounted at a rate that reflects the current market assessment of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(u) Rounding of amounts

The Company is of a kind referred to in Class order 98/100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(v) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable and payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Balance Sheet.

All cash outflows in respect of GST, including payments to suppliers and employees, payments for exploration and evaluation, property, plant and equipment, and payments for inventory are included in payments to suppliers and employees from operating activities in the Cash Flow Statements.

Receipts of GST paid by the Company and subsequently refunded by taxation authorities are disclosed separately as a cash flow from operating activities. Receipts of GST included with receipts from customers are included in receipts from customers from operating activities on the Cash Flow Statements.

With the exception of receipts of cash contributions from joint venture participants for their share of joint venture costs incurred by the Company as operator, all cash flows from investing activities and from financing activities are net of GST as all associated GST cash flows are included in cash flows from operating activities.

1 Summary of significant accounting policies (continued)

(w) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for future remedies payable

Pursuant to various gas sales agreements, the Group is obligated to pay remedies to customers where not all contracted gas sale quantities are delivered. The Group has made provision for future remedies payable under these contracts based on forecast production volumes aligned to historical production levels in May and June 2012. The actual value of future remedies payable will ultimately be determined by the Group's ability to supply contracted quantities of gas. The provision does not take into account additional gas production which may result from the commissioning of new wells and remediation of existing production wells as there is insufficient certainty as to the impact of these initiatives at this time. Were future production volumes to differ by 10% from management's estimates, the provision for future remedies payable would be $636,000 higher or lower.

Provision for restoration and rehabilitation

The Group is required to rehabilitate areas disturbed by its production and exploration activities. These restoration activities may be performed at any time up to the time that the permit or tenement is relinquished. In raising the provision, it has been estimated that while some of the areas will be rehabilitated in the coming year, the majority will be rehabilitated close to the expiry of the relevant Lease or Authority to Prospect. If the rehabilitation work were to be performed one year earlier than management's estimate, then the provision for restoration and rehabilitation and non-current assets would each be $4,000 higher at balance date. The amount recognised is also dependent upon an estimate of the future cost of conducting the required rehabilitation work. If the actual cost of conducting the rehabilitation work was 10% higher than management's estimate, then the provision for restoration and rehabilitation and non-current assets would be $1,429,000 higher at 30 June 2012.

Depletion and depreciation

Depletion charges are calculated using a unit-of-production method based on the proved and probable (2P) gas reserves relating to the area of interest. The depletion charge effectively amortises the written-down cost of carried-forward gas field producing assets in that area of interest, combined with management's estimate of the expected future cost of developing the 2P gas reserves, over the total 2P gas reserves. If the future costs of developing the 2P gas reserves were 10% higher than management's estimate then the depletion charge for the year to 30 June 2012 would have been $347,000 higher.

Impairment of exploration and evaluation costs

In accordance with the Group's policy for deferral of exploration and evaluation costs as set out in note 1(e), exploration expenditure for each area of interest is carried forward as an asset as exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

The ultimate recoupment of exploration and evaluation expenditure is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area. It is possible that the eventual results of exploration will not satisfy these criteria and the costs may have to be written-off as a loss against profits.

There are no critical judgements that management consider would significantly affect amounts recognised in the financial statements.

(x) New accounting standards and UIG interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2012 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

Reference	Description	Applicable from*	Impact on financial report
AASB 2009-11 / AASB 9	New Accounting Standard AASB 9 Financial Instruments addresses the classification and measurement of financial assets	1/1/2013	2
AASB 2010-2 / AASB 1053	New Accounting Standard AASB 1053 Application of Tiers of Australian Accounting Standards removes some disclosure requirements for entities with no public accountability	1/7/2013	2
AASB 2010-7	Revision to AASB 9 Financial Instruments	1/1/2013	2
AASB 2010-8	Revision to AASB 112 Deferred tax: Recovery of underlying assets – amendment to the measurement of deferred tax assets and liabilities arising from investment properties	1/1/2012	2
AASB 2011-4	Amendments to Australian Accounting Standards to remove some individual key management personnel disclosure requirements	1/7/2013	1
AASB 2011-7 / AASB 10 / AASB 11 / AASB 12	New Accounting Standards: AASB 10 Consolidated Financial Statements; AASB 11 Joint Arrangements; AASB 12 Disclosure of Interests in Other Entities; and revised Accounting Standards: AASB 127 Separate Financial Statements; and AASB 128 Investments in Associates and Joint Ventures were introduced to address accounting for joint arrangements, consolidated financial statements and associated disclosures	1/1/2013	1
AASB 2011-8 / AASB 13	New Accounting Standard AASB 13 Fair Value Measurement explains how to measure fair value and aims to enhance fair value disclosures	1/1/2013	2
AASB 2011-9	Revision to AASB 101 Presentation of Financial Statements – amending the disclosure of other comprehensive income	1/7/2012	1
AASB 2011-10	Revision to AASB 119 Employee Benefits – amended treatment of defined benefit assets or liabilities	1/1/2013	1
AASB 2012-2 / AASB 7 / AASB 2012-3 / AASB 132	Revision to AASB 7 Financial Instruments: Disclosures and AASB 132 Financial instruments: Presentation – amended disclosures and presentation for rights of set-off and netting arrangements associated with financial assets and liabilities	1/1/2013	2
AASB 2012-5 / AASB 1 / AASB 101 / AASB 116 / AASB 132 / AASB 134	Minor amendments to AASB 1 First time adoption of Australian Accounting Standards – allows repeat application; AASB 101 Presentation of Financial Statements – clarification of the requirements for comparative information; AASB 116 Property Plant and Equipment – amended guidance on the classification of spare parts; AASB 132 Financial Instruments: Presentation – amending disclosure of the tax effect of distributions to equity holders; and AASB 134 Interim Financial Reporting – amendments to disclosure requirements for interim financial reports	1/1/2013	1

* *The Consolidated Entity expects to implement these standards from their applicable dates.*
1 *Application of the standard will not affect any of the amounts recognised in the financial statements, but may impact the type of information disclosed.*
2 *Application of the standard is not expected to have an impact on the Group's financial statements.*

(y) Segment reporting

Operating segments are reported in a manner consistent with that reported to senior management and the Board.

2 Segment information

The Group's primary operating segment is its gas production, development and exploration activities at the Meridian SeamGas gas field. The Group's exploration activities in other exploration tenements are managed separately, but as the operations in each of these areas are similar, the various tenements have been aggregated into one operating segment.

The Group rents a drilling rig to a drilling contractor. Drilling operations are considered to be a separate operating segment as the revenues and costs of drilling operations are reported separately to management and the Board.

The Group's activities are conducted in two geographical areas, being Australia and Indonesia.

Revenue of $778,263 (2011: $4,437,006) is derived from a single external customer attributable to drilling rig operations and $5,675,132 (2011: $5,411,279) of gas sales revenue from the Meridian SeamGas operations is derived from a single external customer.

	MERIDIAN SEAMGAS	DRILLING RIG OPERATIONS	EXPLORATION	ALL OTHER SEGMENTS		
	Australia $'000	Australia $'000	Australia $'000	Indonesia $'000	Australia $'000	Total $'000
Year ended 30 June 2012						
Revenue from external customers	6,826	778	-	3,704	108	11,416
Add interest revenue						1,048
Less revenue from discontinued operations						(3,704)
Total income from continuing operations						8,760
Segment profit / (loss) before interest	(5,424)	(1,323)	363	3,664	(4,997)	(7,717)
Add interest revenue						1,048
Less interest expense						(1,143)
Less profit from discontinued operations						(3,664)
Loss after income tax from continuing operations						(11,476)
Segment assets and liabilities						
Segment assets	77,881	8,141	18,309	-	1,216	105,547
Add jointly utilised assets:						
Cash						31,927
Inventory						299
Total assets						137,773
Segment liabilities	23,343	469	850	-	1,571	26,233
Total liabilities						26,233
Other segment information						
Acquisitions of property, plant & equipment and intangible assets	19,440	7,300	3,439	-	205	30,384
Depreciation and amortisation expense	5,429	169	-	-	193	5,791
Income tax income resulting from research and development claims	-	-	363	-	-	363
Gain on disposal of Indonesian assets (non-cash)	-	-	-	3,667	-	3,667

	MERIDIAN SEAMGAS	DRILLING RIG OPERATIONS	EXPLORATION	ALL OTHER SEGMENTS		
	Australia $'000	Australia $'000	Australia $'000	Indonesia $'000	Australia $'000	Total $'000
Year ended 30 June 2011						
Revenue from external customers	**5,524**	**4,437**	**-**	**39**	**62**	**10,062**
Add interest revenue						2,035
Less revenue from discontinued operations						(39)
Total income from continuing operations						**12,058**
Segment profit / (loss) before interest	**(5,553)**	**549**	**-**	**(280)**	**(4,731)**	**(10,015)**
Add interest revenue						2,035
Less interest expense						(1,394)
Add loss from discontinued operations						280
Loss after income tax						**(9,094)**
Segment assets and liabilities						
Segment assets	**67,944**	**4,787**	**28,767**	**-**	**690**	**102,188**
Add jointly utilised assets:						
Cash						17,733
Interest receivable						74
Total assets						**119,995**
Segment liabilities	**19,460**	**2,221**	**894**	**-**	**2,596**	**25,171**
Total liabilities						**25,171**
Other segment information						
Acquisitions of property, plant & equipment and intangible assets	63,116	99	5,131	-	288	68,634
Depreciation and amortisation expense	4,529	65	121	-	103	4,818
Share of losses of joint venture entity	-	-	-	319	-	319

	Note	CONSOLIDATED 2012 $'000	CONSOLIDATED 2011 $'000
3(a) Revenue			
From continuing operations			
Sales revenue			
Gas sales and processing income		5,943	5,499
Rig rental income		778	4,437
Other revenue			
Interest		1,048	2,035
Release of provision for remedies payable		883	-
Sub-lease rental income		108	53
Total revenue from continuing operations		8,760	12,024
From discontinued operations			
Gain on disposal of foreign subsidiaries	18	3,667	-
Revenue from services to joint venture entity		37	39
Total revenue from discontinued operations		3,704	39
3(b) Other Income			
Net foreign exchange gains		-	34
4 Expenses			
Loss before income tax includes the following specific expenses:			
Expenses arising from share-based payment transactions			
Options and Performance Rights granted to Directors and staff		538	469
Amount capitalised to gas field assets / deferred exploration and evaluation asset		(74)	(106)
Expenses arising from share-based payment transactions		464	363
Depreciation and depletion			
Depreciation and depletion		5,906	4,984
Amount capitalised to gas field assets / deferred exploration and evaluation asset		(115)	(166)
Depreciation and depletion expense		5,791	4,818
Defined contribution superannuation contributions			
Defined contribution superannuation expense		584	482
Amount capitalised to gas field assets / deferred exploration and evaluation asset		(81)	(109)
Defined contribution superannuation contributions		503	373
Rental expense relating to operating leases			
Minimum lease payments accrued		-	442
Sublease expenses		531	455
Provision for unavoidable sublease rental payments		-	116
Amount capitalised to gas field assets / deferred exploration and evaluation asset		(74)	(130)
Rental expense relating to operating leases		457	883

	CONSOLIDATED 2012 $'000	CONSOLIDATED 2011 $'000

4 Expenses (continued)

	2012 $'000	2011 $'000
Finance costs		
Interest and finance charges	18	4
Provisions: unwinding of discount	1,128	1,390
Amount capitalised to gas field assets / deferred exploration and evaluation asset	(3)	(9)
Finance costs	1,143	1,385

Under the terms of various Joint Operating Agreements, the Group is reimbursed by joint venturers for their share of the amounts capitalised to gas field assets and deferred exploration and evaluation assets.

5 Income tax expense

(a) Income tax expense

	CONSOLIDATED 2012 $'000	CONSOLIDATED 2011 $'000
Current tax	(1,387)	(3,748)
Deferred tax	(2,636)	886
Current year tax losses not recognised	4,023	2,862
Adjustments for current tax of prior periods	363	-
Income tax credit attributable to profit from continuing operations	363	-
Deferred income tax expense included in income tax expense comprises:		
Increase in deferred tax assets	(206)	(374)
(Decrease) / Increase in deferred tax liabilities	(2,430)	1,260
	(2,636)	886

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2012 $'000	2011 $'000
Loss from continuing and discontinued operations before income tax expense	(8,175)	(9,374)
Tax at the Australian tax rate of 30% (2011: 30%)	(2,453)	(2,812)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Initial recognition exemption – Meridian SeamGas acquisition	527	936
Initial recognition exemption – provision for remedies payable	(962)	(973)
Write down of loans to joint venture entity	-	68
Intra-group rig profit elimination	3	164
Share issue costs amortisation	(288)	(346)
Share-based payments	161	141
Costs in respect of foreign operations	-	(11)
Adjustment in respect of prior years	87	(33)
Non-deductible expenses	3	3
Difference in overseas tax rates	-	1
Gain on sale of foreign subsidiaries	(1,101)	-
	(4,023)	(2,862)
Current year tax losses not recognised	4,023	2,862
Adjustments for current tax of prior years	363	-
Income tax credit	363	-

	CONSOLIDATED	
	2012 $'000	2011 $'000
5 Income tax expense (continued)		
(c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity		
Net deferred tax	139	(346)
Current year tax losses not recognised	(139)	346
	-	-
(d) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	46,283	41,085
Potential tax benefit @ 30%	13,885	12,326
(e) Unrecognised temporary differences		
Net deferred tax liability comprises temporary differences attributable to:		
Share issue costs	686	547
Professional fees	225	254
Property, plant and equipment	139	2
Accruals	107	32
Employee entitlements	105	71
Unrealised foreign exchange losses	-	49
Provisions	590	552
Petroleum resource rent tax	40,881	-
Deferred tax assets	42,733	1,507
Deferred exploration and evaluation costs	4,540	7,545
Property, plant and equipment	537	172
Stores and consumables	886	678
Unrealised foreign exchange gains	1	-
Deferred tax liability	5,964	8,395
Net deferred tax (asset) / liability	(36,769)	6,888
Unused tax losses not brought to account	-	(6,888)
Deferred tax assets not brought to account	36,769	-
Net deferred tax liability / (asset) brought to account	-	-

(f) Tax consolidation legislation

WestSide Corporation Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The accounting policy in relation to this legislation is set out in Note 1(m).

	CONSOLIDATED 2012 $'000	CONSOLIDATED 2011 $'000
6 Current assets – Cash and cash equivalents		
Cash at bank and in hand	**3,568**	9,033
Deposits at call	**30,491**	14,020
	34,059	**23,053**

Market risks

Cash at bank and in hand are bearing interest rates between nil and 3.45% (2011: nil and 4.65%).

The deposits are bearing floating interest rates between 4.75% and 5.70% (2011: 5.44% and 6.06%). These deposits have an average maturity of 66 days (2011: 32 days).

The Group's policies in relation to monitoring and controlling market risks such as Foreign Exchange Risks and Interest Rate Risks, including the sensitivity of cash and cash equivalents is set out in Note 27.

Cash of $8,310,832 (2011: $5,740,640) is held as security for bank guarantees in favour of the State of Queensland and other parties in respect of the Group's obligations under environmental licences and commercial agreements.

Cash of $352,605 (2011: $179,360) is held as collateral to secure bank guarantees for the Company's obligations under the terms of its leases of business premises.

The amount unused on the bank guarantee facility was $227,366 (2011: $11,092) at balance date.

The Group has an asset finance facility of $400,000 (2011: nil). Finance leases have been drawn on the facility (Note 20(c)) and the amount unused on the facility at balance date was $282,617 (2011: nil).

Cash of $100,000 (2011: $100,000) is held as collateral to secure a corporate credit card facility pursuant to a right of set-off.

An amount of $14,000 (2011: $19,000) was owed under the corporate credit card facility at balance date.

	CONSOLIDATED	
	2012 $'000	2011 $'000

6 Current assets – Cash and cash equivalents (continued)

(a) Reconciliation of profit / (loss) after income tax to net cash outflow from operating activities

	2012 $'000	2011 $'000
Loss for the year	**(7,812)**	(9,374)
Non-cash rental income	**(736)**	(3,511)
Receipts of refunds of goods and services tax	**5,727**	3,922
Goods and services tax paid	**(4,807)**	(5,180)
Operating expenses paid on behalf of joint venturers	**(5,919)**	(5,278)
Depreciation and depletion	**5,791**	4,818
Finance costs – unwinding of discount on provisions	**1,128**	1,381
Non-cash profit on disposal of Indonesian interests	**(3,667)**	-
Share of losses of joint venture entities	**-**	319
Non-cash employee benefits expense – share-based payments	**464**	363
Net exchange differences	**39**	(23)
Change in operating assets and liabilities:		
Decrease / (Increase) in receivables and other current assets	**114**	(680)
Decrease in inventories	**167**	201
Increase in trade and other payables	**993**	1,697
Decrease in provisions	**(4,209)**	(3,080)
Net cash outflow from operating activities	**(12,727)**	**(14,425)**

(b) Non-cash investing and financing activities

Sale of Indonesian assets

On 16 September 2011, WestSide Corporation Limited disposed of its Indonesian operations comprising of two overseas subsidiaries domiciled in Singapore and its 50% interest in several jointly controlled entities. As consideration for the disposal of WestSide's interests in these entities WestSide received full ownership of a drilling rig that it had been using in its Australian drilling operations. After taking into account WestSide's previous contributions to the costs of commissioning the drilling rig, the fair value of the consideration received was $3,664,264. No cash consideration was received.

Finance leases

During the year, the Company acquired vehicles costing $124,298 (2011: nil) by way of finance leases.

Issue of Performance Rights to employees

During the year, the Company issued Performance Rights to employees as set out in Note 16(f).

Issue of shares for acquisition of exploration tenements – prior year

On 29 September 2010 the Company issued 3,500,000 ordinary shares as consideration for the acquisition of two exploration tenements, ATP 974P and ATP 978P.

Offset of amounts owing to / from joint venture entity – prior year

The Group's investment in a joint venture entity increased during the prior year as a result of the Parent Company extinguishing a receivable of $276,594 from the joint venture entity to the Parent Company.

	CONSOLIDATED 2012 $'000	CONSOLIDATED 2011 $'000

7 Current assets – Trade and other receivables

	2012 $'000	2011 $'000
Trade receivables	722	1,028
Other receivables	591	1,722
Interest receivable	296	85
Prepayments	32	32
	1,641	2,867

Past due but not impaired

As at 30 June 2012 trade receivables of $82,000 (2011: $388,000) were past due but not impaired. These are expected to be recovered in the near future. The 2011 balances were reimbursable exploration costs owing from WestSide's joint venturers who have no history of default and are secured by Deeds of Cross Charge over the joint venturers' interest in the respective tenements. These amounts owing were received in the current financial year.

	2012 $'000	2011 $'000
Up to 3 months	11	130
3 to 6 months	71	258
	82	388

Market risks

Trade and other receivables are non-interest bearing.

The Group's policies in relation to monitoring and controlling market risks such as Foreign Exchange Risks and Interest Rate Risks, including the sensitivity of trade and other receivables is set out in Note 27.

Fair value and Credit risk

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

Interest receivable on term deposits is owed from high-quality financial institutions.

Trade and other receivables comprise amounts owing from the Australian Taxation Office for GST and fuel credits; amounts owing from joint venturers for their share of exploration costs incurred; reimbursement of costs from contractors; and sublease rental receivables. The creditworthiness of joint venturers is assessed at the time that the Group becomes a party to a joint venture and monitored regularly thereafter. These parties have no history of default. The Group's rights to reimbursement of costs incurred as operator are secured by Deeds of Cross Charge over the joint venturers' interest in the respective tenements. Sublease rentals are secured by bank guarantee.

	CONSOLIDATED 2012 $'000	CONSOLIDATED 2011 $'000

8 Current assets – Inventories

	2012 $'000	2011 $'000
Stores and consumables – at cost	**2,953**	2,261

9 Non-current assets – other

	2012 $'000	2011 $'000
Capitalised drilling rig commissioning costs	-	3,636
	-	**3,636**

10 Non-current assets – Property, Plant & Equipment

(a) Gas field assets

	Gas field producing assets $'000	Development work in progress $'000	Plant and equipment $'000	Total $'000
Opening net book amount at 1 July 2010	-	-	-	-
Initial acquisition of joint venture assets	18,004	-	26,256	44,260
Acquisitions	-	12,395	-	12,395
Transfer from development work in progress	9,841	(9,841)	-	-
Transfer from exploration assets	5,663	-	-	5,663
Restoration asset movement	323	-	-	323
Depletion and depreciation expense	(2,814)	-	(1,651)	(4,465)
Closing net book amount at 30 June 2011	**31,017**	**2,554**	**24,605**	**58,176**
At 30 June 2011				
Cost	33,831	2,554	26,256	62,641
Accumulated depletion and depreciation	(2,814)	-	(1,651)	(4,465)
Net book amount at 30 June 2011	**31,017**	**2,554**	**24,605**	**58,176**
Opening net book amount at 1 July 2011	**31,017**	**2,554**	**24,605**	**58,176**
Acquisitions	**-**	**10,652**	**37**	**10,689**
Transfer from development work in progress	**11,383**	**(12,014)**	**631**	**-**
Transfer from exploration assets	**287**	**-**	**-**	**287**
Restoration asset movement	**8,317**	**-**	**-**	**8,317**
Depletion and depreciation expense	**(3,711)**	**-**	**(1,618)**	**(5,329)**
Closing net book amount at 30 June 2012	**47,293**	**1,192**	**23,655**	**72,140**
At 30 June 2012				
Cost	**53,818**	**1,192**	**26,924**	**81,934**
Accumulated depletion and depreciation	**(6,525)**	**-**	**(3,269)**	**(9,794)**
Net book amount at 30 June 2012	**47,293**	**1,192**	**23,655**	**72,140**

(b) Other property, plant and equipment

	Land and buildings $'000	Furniture, fittings and equipment $'000	Other equipment and vehicles $'000	Leased vehicles $'000	Total $'000
At 30 June 2010					
Cost	-	270	2,003	-	2,273
Accumulated depreciation	-	(58)	(428)	-	(486)
Net book amount at 30 June 2010	**-**	**212**	**1,575**	**-**	**1,787**
Opening net book amount at 1 July 2010	**-**	**212**	**1,575**	**-**	**1,787**
Acquisition of joint venture assets	550	-	167	-	717
Acquisitions	-	297	491	-	788
Disposals	-	-	(57)	-	(57)
Depreciation expense	(26)	(112)	(381)	-	(519)
Closing net book amount at 30 June 2011	**524**	**397**	**1,795**	**-**	**2,716**
At 30 June 2011					
Cost	550	556	2,594	-	3,700
Accumulated depreciation	(26)	(159)	(799)	-	(984)
Net book amount at 30 June 2011	**524**	**397**	**1,795**	**-**	**2,716**
Opening net book amount at 1 July 2011	**524**	**397**	**1,795**	**-**	**2,716**
Acquisitions	**-**	**39**	**7,489**	**124**	**7,652**
Disposals	**-**	**-**	**(11)**	**-**	**(11)**
Depreciation expense	**(26)**	**(140)**	**(410)**	**(1)**	**(577)**
Closing net book amount at 30 June 2012	**498**	**296**	**8,863**	**123**	**9,780**
At 30 June 2012					
Cost	**550**	**595**	**10,062**	**124**	**11,331**
Accumulated depreciation	**(52)**	**(299)**	**(1,199)**	**(1)**	**(1,551)**
Net book amount at 30 June 2012	**498**	**296**	**8,863**	**123**	**9,780**

Non-current assets pledged as security

Refer to Note 14 for details of non-current assets pledged as security by the Parent entity and its controlled entities.

11 Non-current assets – Intangible assets – Exploration and evaluation costs

	CONSOLIDATED 2012 $'000	2011 $'000
Balance at the start of the year	**27,286**	22,786
Additions	**3,726**	10,477
Transfer to gas field assets	**(287)**	(5,663)
Restoration asset movement	**(93)**	(314)
Disposals	**(13,432)**	-
Balance at the end of the year	**17,200**	**27,286**

	CONSOLIDATED	
	2012 $'000	2011 $'000
12 Current liabilities – Trade and other payables		
Trade payables and accruals	**5,050**	9,340
Employee benefits	**352**	236
	5,402	**9,576**

Market Risks

Trade payables and accruals do not bear interest and the aggregate carrying values of these financial liabilities approximates the net fair values.

The Group's policies in relation to monitoring and controlling market risks such as Foreign Exchange Risks and Interest Rate Risks, including the sensitivity of trade and other payables is set out in Note 27.

Liquidity risks

All trade and other payables are expected to be settled within 12 months.

Payables of $14,000 (2011: $19,000) are secured by a right of set-off against cash on deposit.

	CONSOLIDATED	
	2012 $'000	2011 $'000
13 Current liabilities – Borrowings		
Bank loans – secured	**14**	20
Lease liabilities	**14**	-
	28	**20**

Security and fair value disclosures

Information about the security and the fair value of the borrowings is provided in Note 14.

The Group's policies in relation to monitoring and controlling market risks such as Foreign Exchange Risks and Interest Rate Risks, including the sensitivity of borrowings are set out in Note 27.

14 Non-current liabilities – Borrowings

	2012 $'000	2011 $'000
Bank loans – secured	**-**	15
Lease liabilities	**100**	-
	100	**15**

(a) Secured liabilities and assets pledged as security

The total secured liabilities (current and non-current) are as follows:

	2012 $'000	2011 $'000
Bank loans – secured	**14**	35
Lease liabilities	**114**	-
	128	**35**

Bank loans are secured by a chattel mortgage over specified field vehicles with a carrying value of $66,000 (2011: $76,000). Lease liabilities are secured over specified light vehicles with a carrying value of $123,000 (2011: nil).

(b) Fair value

The carrying amount of current and non-current borrowings is a reasonable approximation of fair value.

15 Current and non-current liabilities – Provisions

	CONSOLIDATED – 2012			
	A	B	C	
	Provision for remedies payable $'000	Provision for restoration and rehabilitation $'000	Provision for unavoidable rental contract $'000	Total $'000
Balance at the start of the year – current	3,095	60	121	3,276
Balance at the start of the year – non-current	6,497	5,734	53	12,284
Balance at the start of the year – current and non-current	9,592	5,794	174	15,560
Additional provisions recognised[1]	-	8,580	-	8,580
Provisions released	-	(356)	-	(356)
Amounts used during the year	(3,205)	-	(121)	(3,326)
Charged / (credited) to the Statement of Comprehensive Income:				
Release of provision	(883)	-	-	(883)
Unwinding of discount	853	275	-	1,128
Balance at the end of the year	6,357	14,293	53	20,703
Comprising				
(a) Current – expected to be utilised within the next 12 months	2,744	36	53	2,833
(b) Non-current – expected to be utilised after one year	3,613	14,257	-	17,870
	6,357	14,293	53	20,703

1 *Includes $2,774,000 resulting from changes in discount rates used.*

A Provision for future remedies payable

Pursuant to various gas sales agreements, the Group is obligated to pay remedies to customers where not all contracted gas sale quantities are delivered. The Group has made provision for future remedies payable under these contracts based on forecast production volumes aligned to historical production levels in May and June 2012. The future remedies payable have been recognised at their present value using a discount rate reflective of the Group's expected cost of borrowing. The actual value of future remedies payable will ultimately be determined by the Group's ability to supply contracted quantities of gas. The provision does not take into account additional gas production which may result from the commissioning of new wells and remediation of existing production wells as there is insufficient certainty as to impact of these initiatives at this time.

B Provision for restoration and rehabilitation

The Group is required to rehabilitate areas disturbed by its production and exploration activities. These restoration activities may be performed at any time up to the time that the permit or tenement is relinquished. In raising the provision above, it has been estimated that while some of the areas will be rehabilitated in the coming year, the majority will be rehabilitated close to the expiry of the relevant Lease or Authority to Prospect. Further explanation is provided at Note 1(e).

C Provision for unavoidable rental contract

The Group vacated leased office space in June 2010 as the space was no longer sufficient to accommodate the number of staff required to efficiently operate the expanded operations. The provision recognised is the future unavoidable lease costs payable under the operating lease after contributions from the sub-lessee for the remainder of the lease period.

16 Contributed equity

	Notes	2012 Shares	2011 Shares	2012 $'000	2011 $'000
(a) Share capital					
Authorised and issued ordinary shares – fully paid	16(c),(d)				
Quoted on the ASX		**355,464,930**	250,271,400		
Unquoted		**402,960**	3,746,400		
Total contributed equity		**355,867,890**	**254,017,800**	**134,549**	**110,479**

	Notes	2012 Securities	2011 Securities
(b) Other equity securities			
Share options – Incentive Options – unquoted	16(e)	**2,002,000**	2,072,000
Performance Rights – unquoted	16(f)	**5,661,400**	3,452,700
Total other equity securities		**7,663,400**	**5,524,700**

(c) Movements in ordinary share capital

Date	Details	Number of shares	Issue price $	Value $'000
30 June 2010	**Balance**	**250,232,890**		**107,316**
29 September 2010	Issue of shares[1]	3,500,000	-	3,000
3 February 2011	Issue of shares on vesting of Performance Rights[2]	284,910	-	145
	Refund of share issue costs			18
30 June 2011	**Balance**	**254,017,800**		**110,479**
23 August 2011	Issue of shares[2]	173,550	-	78
17 April 2012	Entitlements issue 2 for 5	101,676,540	0.25	25,419
	Less: share issue costs			(1,427)
30 June 2012	**Balance**	**355,867,890**		**134,549**

1 *Shares were issued as consideration for acquisition of exploration tenements and are recognised in contributed equity at the fair value of the assets acquired. The fair value was established by an independent expert.*

2 *Shares were issued upon vesting of Performance Rights. The value recognised in contributed equity is the fair value of the Performance Rights at their grant date.*

(d) Ordinary shares

Ordinary shares have no par value.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

(e) Incentive Options

At 30 June 2012 there were 2,002,000 (2011: 2,072,000) unexpired Incentive Options on issue.

Incentive Options have been issued to Directors and senior staff to align their interests with those of shareholders in maximising shareholder value. The Incentive Options cannot be exercised until their vesting date and must be exercised before their expiry date. Generally, Incentive Options lapse 90 days after an employee/contractor ceases to be engaged by the Company. If, during the life of the Incentive Options, the Company makes a bonus issue to its shareholders, the option holder will be entitled, upon later exercise of that option, to receive additional shares as if the option holder had exercised the option prior to the record date for the bonus issue. The rights of option holders will also be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital. The Board retains the discretion to waive exercise conditions including where there is a change of control of the Company.

CONSOLIDATED			NUMBER OF INCENTIVE OPTIONS			
Vesting Date	Expiry Date	Exercise price $	Balance at the start of the year	Forfeited during the year	Outstanding at the end of the year[1]	Exercisable at the end of the year
2012						
10 January 2010	10 January 2013	$0.313	1,240,000	-	1,240,000	1,240,000
1 July 2010	30 June 2012	$0.723	70,000	(70,000)	-	-
1 July 2011	30 June 2013	$0.4515	462,000	-	462,000	462,000
1 July 2011	29 June 2013	$0.313	300,000	-	300,000	300,000
Total 30 June 2012			2,072,000	(70,000)	2,002,000	2,002,000
Weighted average exercise price ($)			$0.41	$0.723	$0.34	$0.34
2011						
10 January 2010	10 January 2013	$0.3614	1,240,000	-	1,240,000	1,240,000
1 July 2010	30 June 2012	$0.7714	70,000	-	70,000	70,000
1 July 2011	30 June 2013	$0.4999	498,000	(36,000)	462,000	-
1 July 2011	29 June 2013	$0.3614	500,000	(200,000)	300,000	-
Total 30 June 2011			2,308,000	(236,000)	2,072,000	1,310,000
Weighted average exercise price ($)			$0.40	$0.38	$0.41	$0.38

1 *The weighted average remaining contractual life of Incentive Options outstanding at the end of the year is 258 days (2011: 615 days).*

16 Contributed equity (continued)

(e) Incentive Options (continued)

Revision of Incentive Options exercise prices

On 17 April 2012 the exercise prices of all outstanding Incentive Options were revised in accordance with ASX Listing Rules as a result of the 2 for 5 Entitlement Issue of ordinary shares. The changes are set out in the table below:

	EXERCISE PRICE	
Options expiry date	**Original**	**Revised**
30 June 2012	**$0.7714**	$0.7230
10 January 2013	**$0.3614**	$0.3130
29 June 2013	**$0.3614**	$0.3130
30 June 2013	**$0.4999**	$0.4515

The fair values of the options before and after the revision were assessed as at the modification date. As the options had already vested, any incremental value has been expensed in the current financial year.

The weighted average incremental increase in fair value as a result of the revision was $0.02 per Incentive Option.

The fair value of the Incentive Options were determined using a Black-Scholes-Merton option pricing model, taking into account the expiry dates, the $0.38 share price at the revision date, 86% historical 12 month share price volatility, no expected dividends and risk free interest rates of 4.25% and 3.70% pa depending on the remaining time to expiry.

(f) Performance Rights

At 30 June 2012 there were 5,661,400 Performance Rights on issue (2011: 3,452,700).

Eligible employees have the opportunity to participate in the Employee Performance Rights Plan which replaced the Incentive Option Plan. Under the plan, eligible employees can be granted an allocation of Performance Rights which will vest upon completion of a specified minimum service period or upon the achievement of performance targets and service milestones.

The plan is designed to align the performance of employees with that of shareholders and to assist in the retention of experienced personnel.

Each Performance Right that satisfies its vesting conditions can be converted to one ordinary share for nil consideration. Upon conversion, the issued ordinary shares will be subject to a holding lock until the earlier of seven years from grant, or cessation of employment.

The Board retains the discretion to waive vesting conditions in certain instances where there is a takeover offer for the Company or other events such as a merger or scheme of arrangement.

The fair value of the Performance Rights is the market value of the Company's Ordinary Shares on the date the Performance Rights were granted and does not take into account vesting conditions.

(f) Performance Rights (continued)

The following Performance Rights were issued during the year:

CONSOLIDATED			NUMBER OF PERFORMANCE RIGHTS			
Vesting Date	Expiry Date	Balance at the start of the year[4]	Granted during the year	Vested and converted to shares during the year	Forfeited during the year	Outstanding at the end of the year
2012						
30 June 2011[2]	30 June 2012	312,700	-	(173,550)	(139,150)	-
30 June 2012[2]	30 June 2013	-	579,400	-	-	579,400
31 December 2012[1]	31 December 2013	2,110,000	150,000	-	(80,000)	2,180,000
31 December 2014[3]	31 December 2015	1,030,000	350,000	-	(260,000)	1,120,000
31 December 2015[3]	31 December 2016	-	1,842,000	-	(60,000)	1,782,000
Total 30 June 2012		3,452,700	2,921,400	(173,550)	(539,150)	5,661,400
Weighted average fair value at grant date ($)			$0.35			
2011						
31 December 2010[1]	31 December 2011	541,000	150,000	(284,910)	(406,090)	-
30 June 2011[2]	30 June 2012	-	312,700	-	-	312,700
31 December 2012[3]	31 December 2013	1,630,000	940,000	-	(460,000)	2,110,000
31 December 2014[3]	31 December 2015	-	1,090,000	-	(60,000)	1,030,000
Total 30 June 2011		2,171,000	2,492,700	(284,910)	(926,090)	3,452,700
Weighted average fair value at grant date ($)			$0.40			

1 *These Performance Rights vest upon achievement of performance targets and service milestones – the participant must be employed by the Group at the vesting date.*
2 *These Performance Rights vest upon achievement of performance targets and service milestones and may be settled wholly or partly in cash at the discretion of the Board.*
3 *These Performance Rights vest upon achievement of service milestones – the participant must be employed by the Group at the vesting date.*
4 *The balance at the start of the 2011 comparative year includes 420,000 and 170,000 Performance Rights vesting on 31 December 2012 and 31 December 2010 respectively which were granted but not issued at 30 June 2010.*

	CONSOLIDATED 2012 $'000	CONSOLIDATED 2011 $'000

17 Reserves and retained profits

(a) Reserves

	2012 $'000	2011 $'000
Share option reserve	669	630
Performance rights reserve	763	343
Foreign currency translation reserve	-	1
Total reserves	**1,432**	**974**
Movements:		
Share option reserve		
Balance at the start of the year	630	571
Employee option expense	39	59
Balance at the end of the year	**669**	**630**
Performance rights reserve		
Balance at the start of the year	343	77
Employee performance rights expense	498	411
Transfer to contributed equity upon issue of shares	(78)	(145)
Balance at the end of the year	**763**	**343**
Foreign currency translation reserve		
Balance at the start of the year	1	-
Currency translation differences arising during the year	2	1
Release of provision to profit upon sale of foreign subsidiaries	(3)	-
Balance at the end of the year	**-**	**1**

(b) Accumulated losses

	2012 $'000	2011 $'000
Movements in accumulated losses were as follows:		
Balance at the start of the year	(16,629)	(7,255)
Net loss for the year	(7,812)	(9,374)
Balance at the end of the year	**(24,441)**	**(16,629)**

(c) Nature and purpose of reserves

Share option reserve

The share option reserve is used to recognise the fair value of share options granted or issued. When options are exercised the value attributed to those options is transferred to contributed equity.

Performance rights reserve

The performance rights reserve is used to recognise the fair value of share rights granted or issued. When share rights vest and shares are issued, the value attributed to those rights is transferred to contributed equity.

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of any net investment in foreign entities. The reserve is recognised in profit and loss when the net investment is disposed of.

18 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of all subsidiaries in accordance with the accounting policy described in Note 1(b), including the following significant subsidiaries:

Name of entity	Country of incorporation	Class of shares	EQUITY HOLDING* 2012 %	EQUITY HOLDING* 2011 %
WESTSIDE ATP 688P Pty Ltd	Australia	Ordinary	**100**	100
WESTSIDE ATP 769P Pty Ltd	Australia	Ordinary	**100**	100
WESTSIDE CSG A Pty Ltd	Australia	Ordinary	**100**	100
WESTSIDE CSG D Pty Ltd	Australia	Ordinary	**100**	100
NAZARA ENERGY Pty Ltd	Australia	Ordinary	**100**	100
WESTSIDE CSG HOLDINGS Pte Ltd	Singapore	Ordinary	-	100
WESTSIDE KPC HOLDINGS Pte Ltd	Singapore	Ordinary	-	100

* *The proportion of ownership interest is equal to the proportion of voting power held.*

Deeds of cross charge

WestSide Corporation Limited, WestSide ATP 688P Pty Ltd, WestSide ATP 769P Pty Ltd, Nazara Energy Pty Ltd, WestSide CSG A Pty Ltd and WestSide CSG D Pty Ltd are parties to Deeds of Cross Charge with their respective joint venture partners. Pursuant to the Deeds, each party has granted a fixed and floating charge over their participating interest in the respective exploration tenements, Petroleum Leases, Pipeline Licences and joint venture assets to secure their prospective liabilities under Joint Operating Agreements. In respect of joint ventures in ATP 688P and ATP 769P, the Deeds of Cross Charge are capped at a maximum of $1 million in the event of default.

Sale of Indonesian subsidiaries – discontinued operations

On 16 September 2011, WestSide Corporation Limited disposed of its Indonesian operations comprising of two overseas subsidiaries domiciled in Singapore, WestSide CSG Holdings Pte Ltd and WestSide KPC Holdings Pte Ltd, and its 50% interest in several jointly controlled entities. As consideration for the disposal of WestSide's interests in these entities WestSide received full ownership of a drilling rig that it had been using in its Australian drilling operations. After taking into account WestSide's previous contributions to the costs of commissioning the drilling rig, the fair value of the consideration received was $3,664,264. No cash consideration was received.

The carrying value of the assets and liabilities of the entities disposed of on 16 September 2011 was nil.

19 Joint ventures

(a) Jointly controlled assets

Subsidiaries have entered into joint ventures to jointly explore, appraise, develop and produce coal seam gas resources in specific Petroleum Leases and exploration tenements in Queensland. Interests in these joint ventures are set out below:

Joint venture	Principal activities	CONSOLIDATED 2012	CONSOLIDATED 2011
ATP 769P	Coal seam gas exploration	**25.5%**	50%
ATP 688P	Coal seam gas exploration	**25.5%**	50%
ATP 974P	Coal seam gas exploration	**51%**	100%
ATP 978P	Coal seam gas exploration	**51%**	100%
Meridian SeamGas	Coal seam gas production	**51%**	51%

Capital expenditure commitments relating to the joint ventures are set out in Note 20(a). There are no contingent liabilities relating to the joint venture activities.

19 Joint ventures (continued)

(b) Jointly controlled entities

Interests in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting.

During the year a subsidiary which had investments in jointly controlled entities was sold. At the time of sale, the carrying value of the investments in joint venture entities was nil.

		OWNERSHIP INTEREST	
Name of jointly controlled entity	**Place of incorporation**	**2012**	**2011**
PT Seamgas Indonesia	Indonesia	-	50%
KPC CBM Pte Ltd	Singapore	-	50%
Arutmin CBM Pte Ltd	Singapore	-	50%
Westprima Resources Pte Ltd	Singapore	-	50%
Kalenergy Pte Ltd	Singapore	-	50%
Tansar Gas Pte Ltd	Singapore	-	50%

	CONSOLIDATED	
	2012 $'000	**2011 $'000**
Movements in carrying amounts		
Carrying amount at the beginning of the financial year	-	-
Investment in joint venture entities	-	319
Share of losses after income tax	-	(319)
Carrying amount at the end of the financial year	-	-
Unrecognised share of losses at the beginning of the financial year	634	314
Unrecognised share of losses for the period	-	320
Derecognition of interest in joint venture entity	(634)	-
Unrecognised share of losses at the end of the financial year	-	634

There are no contingent liabilities or capital commitments relating to jointly controlled entities.

The aggregate amount of assets, liabilities, revenues and costs relating to jointly controlled entities are set out below:

	2012 $'000	2011 $'000
Share of jointly controlled entities' assets and liabilities		
Current assets	-	35
Non-current assets	-	-
Total assets	-	35
Current liabilities	-	61
Total liabilities	-	61
Share of jointly controlled entities' revenue and expenses		
Revenue	-	-
Expenses	-	(639)
Loss	-	(639)

20 Commitments

(a) Capital commitments

	CONSOLIDATED 2012 $'000	CONSOLIDATED 2011 $'000
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:		
Intangible assets – exploration and evaluation costs[1]	19,005	24,302
Non-current assets – Gas field development assets and Property, plant and equipment[2]	12,091	12,166

1 *Although the Group has not necessarily contracted with suppliers for the exploration work, the Group is committed to conducting exploration and appraisal programs with its joint venturers. These amounts represent WestSide's share of expected expenditure required to complete these approved work programs. The capital commitments for exploration and evaluation costs include capital expenditure commitments of $19,005,000 (2011: $24,302,000) relating to joint ventures listed in Note 19(a). These exploration commitments are those of each Group company which holds the interest in the Authority to Prospect. The Parent Entity has committed to provide funding for these programs.*

2 *Although the Group has not necessarily contracted with suppliers for development work, the Group is committed to conduct development activities to increase production from the Meridian SeamGas gas fields. These amounts represent WestSide's share of expected expenditure to complete these programs. The capital commitments include capital expenditure commitments of $12,091,000 (2011: $12,166,000) relating to joint ventures listed in Note 19(a).The Parent Entity has committed to provide funding for these programs.*

	Notes	CONSOLIDATED 2012 $'000	CONSOLIDATED 2011 $'000
(b) Operating lease commitments			
Non-cancellable operating leases			
The Group leases offices and office equipment under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights.			
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
Within one year		596	593
Later than one year but less than five years		1,690	2,259
		2,286	2,852
The operating lease commitments above include amounts in respect of an unavoidable rental contract for which a provision has been recognised as set out in Note 15.			
Sub-lease payments receivable			
Future minimum lease payments expected to be received in relation to non-cancellable sub-lease of operating leases		60	198
(c) Finance leases			
Commitments for in relation to finance lease are payable as follows:			
Within one year		22	-
Later than one year but less than five years		120	-
Minimum lease payments		142	-
Future finance charges		(28)	-
Recognised as a liability		114	-
Representing lease liabilities:			
Current	13	14	-
Non-current	14	100	-
Total lease liabilities		114	-

The Group leases various vehicles with a carrying value of $123,000 (2011: nil) under finance leases expiring within five years. Under the terms of the leases, the Group has the option to acquire the leased assets for approximately 30% of their original acquisition cost on expiry of the leases.

21 Related party transactions

(a) Parent Entity and related parties

The Parent Entity, and ultimate Australian Parent Entity within the Group is WestSide Corporation Limited.
Interests in significant subsidiaries are set out in Note 18.
Interests in joint ventures and jointly-controlled entities are set out in Note 19.

(b) Key management personnel

Disclosures relating to key management personnel are set out in Note 22 and in paragraph (e) below.

(c) Transactions with related parties

The following transactions occurred with related parties:

	CONSOLIDATED 2012 $	2011 $
Costs incurred as operator of joint venture and on-charged to joint venture	**40,839,916**	51,405,668
Contributions to joint venture costs	**20,092,249**	26,288,726
Loans advanced to joint venture entity	**-**	319,483
Costs incurred on behalf of joint venture entity and on-charged to joint venture entity	**37,882**	276,593
Provision of services to joint venture entity	**36,855**	38,772
(d) Outstanding balances arising from transactions with related parties		
The following balances are outstanding at the reporting date in relation to transactions with related parties:		
Current assets – trade and other receivables		
From joint ventures for costs incurred as operator of joint venture	**370,699**	524,009
(e) Other transactions with key management personnel		
A Director, N Mitchell, controls Mitchell Energy Group Pty Ltd, Mitchell Energy Services Pty Ltd and Mitchell Equipment Hire Pty Ltd, companies which service the petroleum industry. During the year, the Group purchased and rented equipment from these companies on normal commercial terms and conditions.		
Aggregate amounts of each of the above types of transactions with key management personnel:		
Amounts recognised as expense: purchase and rental of gas field equipment and services	**182,404**	-
Amounts recognised as current assets – Other receivables: rig repair costs recoverable from insurer	**6,110**	-
Amounts recognised as non-current assets – Property, Plant & Equipment: Gas field assets	**207,108**	411,666
Aggregate amount of assets at the end of the reporting period relating to the above types of other transactions with key management personnel:		
Current assets	**6,110**	-
Non – current assets	**207,108**	411,666
Aggregate amounts payable to key management personnel at the end of the reporting period relating to the above types of transactions:		
Current liabilities	**-**	93,391

22 Key management personnel disclosures

(a) Directors

The following persons were Directors of WestSide Corporation Limited during the financial year:

		PERIOD OF APPOINTMENT (YEAR ENDED 30 JUNE)	
Name	**Position**	**2012**	**2011**
A Karoll	Chairman	**Full year**	Full year
	Acting Chief Executive Officer	**-**	To 30 August 2010
Non-executive Directors			
J Clarke	Director	**Full year**	Full year
A Gall	Director	**Full year**	Full year
T Karoll	Director	**Full year**	Full year
N Mitchell	Director	**Full year**	Full year
R Neale	Director	**Full year**	Full year

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Company and the Group, directly or indirectly, during the financial year:

		PERIOD OF APPOINTMENT (YEAR ENDED 30 JUNE)	
Name	**Position**	**2012**	**2011**
J Beeby	Chief Executive Officer	**Full year**	From 30 August 2010
G Borgelt	Commercial Manager	**Full year**	From 1 Nov 2010
R Cowie	General Manager – Production	**From 3 January 2012**	-
P Dingle	Moura Area Manager	**Full year**	Full year
D Galvin	Chief Financial Officer and Company Secretary	**Full year**	Full year
A Knight	Exploration Manager	**Full year**	Full year
S Mewing	Chief Operating Officer	**Full year**	Full year
Other group executives			
K Potter	Operations Manager – Indonesia	**-**	Full year

(c) Key management personnel compensation

	CONSOLIDATED	
	2012 $	**2011 $**
Short-term employee benefits	**2,462,806**	2,347,365
Post-employment benefits	**204,896**	185,494
Share-based payments	**424,441**	351,990
	3,092,143	**2,884,849**

Detailed remuneration disclosures can be found in sections A–C of the Remuneration Report, included within the Directors' Report attached to the financial statements.

22 Key management personnel disclosures (continued)

(d) Equity instrument disclosures relating to key management personnel

Options and Performance Rights provided as remuneration and shares issued on exercise of these securities

Details of Incentive Options and Performance Rights provided as remuneration and shares issued on the exercise of these securities, together with terms and conditions of the options, can be found in section D (Share-based compensation) of the Remuneration Report, included within the Directors' Report attached to the financial statements.

Option holdings

The number of options over ordinary shares in the Company held during the financial year by each Director of WestSide Corporation Limited and other key management personnel of the Group, including their personally related parties, are set out below:

	INCENTIVE OPTIONS (NUMBER OF OPTIONS)				
Name	**Held at the start of the year**	**Lapsed during the year**	**Held at the end of the year**	**Vested and exercisable at the end of the year[1]**	**Vested during the year**
2012					
Directors of WestSide Corporation Limited					
A Gall	**300,000**	**-**	**300,000**	**300,000**	**-**
A Karoll	**310,000**	**(10,000)**	**300,000**	**300,000**	**-**
T Karoll	**200,000**	**-**	**200,000**	**200,000**	**-**
Other key management personnel of the Group					
D Galvin	**407,000**	**(45,000)**	**362,000**	**362,000**	**62,000**
S Mewing	**300,000**	**-**	**300,000**	**300,000**	**300,000**

Name	**Held at the start of the year**	**Lapsed during the year**	**Held at the end of the year**	**Vested and exercisable at the end of the year**	**Unvested at the end of the year**
2011					
Directors of WestSide Corporation Limited					
A Gall	300,000	-	300,000	300,000	-
A Karoll[2]	310,000	-	310,000	310,000	-
T Karoll	200,000	-	200,000	200,000	-
Other key management personnel of the Group					
D Galvin[3]	407,000	-	407,000	345,000	62,000
S Mewing	300,000	-	300,000	-	300,000
K Potter	400,000	-	400,000	-	400,000

1 *There are no options unvested at the end of the year.*
2 *10,000 of these options vested during the 2011 financial year.*
3 *45,000 of these options vested during the 2011 financial year.*

No Incentive Options were exercised during the year (2011: nil).

(d) Equity instrument disclosures relating to key management personnel (continued)

Performance rights holdings

The number of Performance Rights held during the financial year by each Director of WestSide Corporation Limited and other key management personnel of the Group, including their personally related parties, are set out below:

	PERFORMANCE RIGHTS (NUMBER OF RIGHTS)					
Name	Held at the start of the year	Granted as compensation during the year	Vested to ordinary shares during the year	Lapsed during the year	Held at the end of the year	Unvested at the end of the year
2012						
Other key management personnel of the Group						
J Beeby	**712,700**	**761,400**	**(173,550)**	**(139,150)**	**1,161,400**	**1,161,400**
G Borgelt	**180,000**	**130,000**	**-**	**-**	**310,000**	**310,000**
R Cowie	**-**	**150,000**	**-**	**-**	**150,000**	**150,000**
P Dingle	**160,000**	**120,000**	**-**	**-**	**280,000**	**280,000**
D Galvin	**450,000**	**140,000**	**-**	**-**	**590,000**	**590,000**
A Knight	**280,000**	**130,000**	**-**	**-**	**410,000**	**410,000**
S Mewing	**500,000**	**170,000**	**-**	**-**	**670,000**	**670,000**
2011						
Other key management personnel of the Group						
J Beeby	-	712,700	-	-	712,700	712,700
G Borgelt	-	180,000	-	-	180,000	180,000
P Dingle	110,000	80,000	(15,300)	(14,700)	160,000	160,000
D Galvin	410,000	100,000	(33,600)	(26,400)	450,000	450,000
A Knight	270,000	80,000	(35,700)	(34,300)	280,000	280,000
S Mewing	483,000	100,000	(46,480)	(36,520)	500,000	500,000

No Performance Rights were vested and exercisable at the end of the year (2011: nil).

22 Key management personnel disclosures (continued)

(d) Equity instrument disclosures relating to key management personnel (continued)

Share holdings

The number of shares in the Company held during the financial year by each Director of WestSide Corporation Limited and other key management personnel of the Group, including their personally related parties, are set out below.

	ORDINARY SHARES (NUMBER OF SHARES)			
Name	Held at the start of the year	Issued upon conversion of vested Performance Rights during the year	Other changes during the year	Held at the end of the year
2012				
Directors of WestSide Corporation Limited				
A Gall	448,000	-	179,200	627,200
A Karoll	17,312,770	-	5,677,778	22,990,548
T Karoll	340,000	-	136,000	476,000
N Mitchell	5,621,338	-	2,075,256	7,696,594
Other key management personnel of the Group				
J Beeby	-	173,550	100,000	273,550
P Dingle	15,300	-	-	15,300
D Galvin	163,600	-	79,970	243,570
A Knight	68,700	-	(33,000)	35,700
S Mewing	246,480	-	98,592	345,072
2011				
Directors of WestSide Corporation Limited				
A Gall	448,000	-	-	448,000
A Karoll	13,812,770	-	3,500,000	17,312,770
T Karoll	340,000	-	-	340,000
N Mitchell	5,621,338	-	-	5,621,338
Other key management personnel of the Group				
P Dingle	-	15,300	-	15,300
D Galvin	130,000	33,600	-	163,600
A Knight	-	35,700	33,000	68,700
S Mewing	200,000	46,480	-	246,480

23 Remuneration of auditors

During the year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the Parent Entity:

	CONSOLIDATED	
	2012 $	2011 $
(a) Audit services		
Audit and review of financial reports	**209,363**	221,522
(b) Non-audit services		
Taxation services		
Taxation compliance	**30,000**	20,000
Taxation advice	**8,500**	27,000
Research & development tax rebate advice	**29,261**	43,953
GST advice	**3,540**	7,785
Total remuneration for taxation services	**71,301**	**98,738**
Other services		
Advice on potential business acquisitions	**-**	131,247
Review of accounting treatment of specific transactions	**-**	6,000
The following fees were paid or payable for services provided by related practices of PricewaterhouseCoopers Australian firm:		
Other services		
Advice on Meridian SeamGas acquisition	**-**	950,000
Total non-audit services	**71,301**	**1,185,985**

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important. These assignments are principally tax advice, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

Approval from the Audit and Compliance Committee is required for non-audit assignments.

	CONSOLIDATED 2012 Cents	CONSOLIDATED 2011 Cents

24 Earnings per share

(a) Basic and diluted earnings / (loss) per share

	2012 Cents	2011 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**(4.18)**	(3.60)
From discontinued operations	**1.33**	(0.11)
Total basic and diluted earnings per share attributable to the ordinary equity holders of the Company	**(2.85)**	**(3.71)**

(b) Reconciliations of earnings used in calculating earnings per share

	2012 $'000	2011 $'000
Basic and diluted earnings / (loss) per share		
Earnings / (loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share		
From continuing operations	**(11,476)**	(9,094)
From discontinued operations	**3,664**	(280)
	(7,812)	**(9,374)**

(c) Weighted average number of shares used as the denominator

	2012 Number	2011 Number
Basic and diluted earnings per share		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**274,780,023**	252,975,032

(d) Information concerning the classification of securities

Potential shares that may arise from share options and Performance Rights, in relation to the Company's recorded loss for the year, are anti-dilutive and have not been used to calculate diluted loss per share. Details of options and rights are set out in Notes 16(e) and 16(f).

25 Events occurring after the balance sheet date

Issue, vesting and lapsing of employee performance rights

In July 2012, 360,910 employee Performance Rights lapsed as a result of vesting conditions not being satisfied and 253,490 unquoted ordinary shares were issued upon the vesting of Performance Rights.

In July 2012, 415,000 new employee Performance Rights with an expiry date of 30 June 2014 were issued.

In September 2012, 105,000 employee Performance Rights lapsed as a result of vesting conditions not being satisfied.

26 Contingencies

Guarantees

For information about guarantees given by the Group and Parent Entity, please refer to Note 6 and Note 18.

Rehabilitation liabilities of sub-leased Petroleum Lease

WestSide has subleased part of Petroleum Lease 94 (PL94) to other parties who have assumed all of the permit and environmental obligations associated with that area. If the sub-lessee were to default on its sub-lease obligations, WestSide as a registered permit holder, would have an obligation to contribute to the rehabilitation of the area. WestSide's share of the estimated liability for restoration and rehabilitation at balance date would be $809,700.

Obligation to acquire joint venture assets in certain circumstances

WestSide's joint venturer in the Meridian SeamGas joint venture has the right, until 1 July 2012, to sell its 49% interest in that joint venture back to WestSide at acquisition cost plus reimbursement of net funds invested since 1 July 2010, but only where WestSide's performance as operator or joint venturer is not in accordance with the terms of the Joint Development and Marketing Agreement. Settlement would be subject to WestSide obtaining finance to fund the transaction.

Subsequent to the year end the Joint Venture partner has not exercised this right and it has subsequently expired.

Unresolved dispute

During the year, damage was sustained to a drilling rig owned by the Company. WestSide has asserted a claim against a contractor, currently $1,409,329 (excluding amounts claimable by the Company's insurer against the contractor via its rights of subrogation). The contractor has asserted a claim against WestSide of $841,201. It is anticipated that each claim will be defended and the matter will proceed to litigation unless resolved beforehand. At the time of this report, no resolution of these matters has been reached and the liability of either party remains uncertain.

27 Financial risk management

The Group seeks to minimise potential adverse effects on the financial performance of the Group arising from market risks (including currency risk), credit risk and liquidity risk. The Group has implemented a range of policies and procedures designed to assess and mitigate these risks.

Market risk – Foreign exchange risk

The Group aims to limit its exposure to foreign currency fluctuations for major firm orders of equipment and inventories denominated in foreign currency. The Group enters into agreements with suppliers of equipment where the prices are fixed in foreign currency – predominantly US Dollars. Where services are provided to foreign customers, the Group denominates amounts payable in Australian currency to limit its exposure to foreign currency fluctuations.

In order to protect against exchange rate movements, the Group may use US Dollar bank accounts to purchase US Dollars to match the expected timing of foreign currency payments where firm orders have been placed.

Market risk – Interest rate risk

The Group's borrowings disclosed in Note 13 and Note 14 are fixed interest liabilities and are not subject to interest rate risk. The Group has no other borrowings as at 30 June 2012.

Interest earned on available cash is managed by depositing surplus funds in fixed term deposits to optimise interest revenue taking into account forecast cash flow requirements. Further detail is set out in Note 6.

27 Financial risk management (continued)

Market risk – Sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to market risks:

	CONSOLIDATED	FOREIGN EXCHANGE RISK				INTEREST RATE RISK	
		-10%		+10%		-10%	+10%
	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Profit $'000
2012							
Financial assets							
Cash and cash equivalents	34,059	1	-	(1)	-	(173)	173
Trade and other receivables	1,609	-	-	-	-	-	-
Financial liabilities							
Trade and other payables	(5,050)	(9)	-	7	-	-	-
Borrowings	(128)	-	-	-	-	-	-
Total increase / (decrease)		(8)	-	6	-	(173)	173
2011							
Financial assets							
Cash and cash equivalents	23,053	-	-	-	-	(119)	119
Trade and other receivables	2,751	-	-	-	-	-	-
Financial liabilities							
Trade and other payables	(9,340)	(23)	-	19	-	-	-
Borrowings	(36)	-	-	-	-	-	-
Total increase / (decrease)		(23)	-	19	-	(119)	119

The above sensitivity analysis assumes that changes in interest rates will have an immediate impact on all cash balances, notwithstanding that at balance date a significant portion of cash is held as term deposits which have fixed interest rates and an average maturity of 66 days (2011: 32 days). The impact of changes of interest rates on cash balances is based on the annual interest which would be received if the cash balances at balance date were maintained for a full year and does not attempt to predict changes in cash balances over that period. The sensitivity analysis is based on pre-tax figures as the Group is currently in a tax loss position which results in nil tax payable and nil tax expense.

The analysis is conducted in relation to a base AUD / USD exchange rate of $1.0191 (2011: $1.0739) and an interest rate of 5.07% pa (2011: 5.16%).

Credit risk

The Group has no significant concentrations of credit risk. Cash transactions and deposits are with high credit quality financial institutions. Further information relating to the credit risk of trade and other receivables is set out in Note 7.

Funding and liquidity risk management

The Group maintains a system of controls which provide for continual monitoring of future cash flow requirements, allowing it to put in place appropriate facilities to ensure that sufficient funds are available to fund the Group's activities in the short to medium term.

The Group's and the Parent Entity's underlying objectives with respect to managing capital are to safeguard their ability to continue as a going concern to enable the Group to operate to increase shareholder value. While the Group's activities comprise mainly development, exploration and appraisal operations, funding through equity, rather than debt is considered to be the most appropriate capital structure.

28 Parent Entity financial information

(a) Summary financial information

	2012 $'000	2011 $'000
ASSETS		
Current assets	**38,156**	24,715
Total assets	**131,832**	**112,621**
LIABILITIES		
Current liabilities	**5,690**	9,847
Total liabilities	**5,790**	**9,916**
SHAREHOLDERS' EQUITY		
Contributed equity	**134,549**	110,479
Share option reserve	**669**	630
Performance rights reserve	**763**	342
Accumulated losses	**(9,939)**	(8,746)
Total shareholders' equity	**126,042**	**102,705**
Loss for the year	**(1,193)**	(2,389)
Total comprehensive income	**(1,193)**	**(2,389)**

(b) Parent Entity contingent liabilities

The Parent Entity is a party to Deeds of Cross Charge as set out in Note 18, is in dispute with a contractor and has an obligation to acquire joint venture assets in certain circumstances as set out in Note 26.

The Parent Entity has guaranteed the obligations of wholly-owned subsidiaries WestSide CSG A Pty Ltd and WestSide CSG D Pty Ltd in respect of their obligations under Joint Operating Agreements and other commercial agreements.

Cash of $8,310,832 (2011: $5,740,640) is held as security for bank guarantees in favour of the State of Queensland and other parties in respect of obligations of the Company's subsidiaries under environmental licences and commercial agreements.

Cash of $352,605 (2011: $179,360) is held as collateral to secure bank guarantees for the Company's obligations under the terms of its leases of business premises. The amount unused on the facility was $227,366 (2011: $11,092) at balance date.

Cash of $100,000 (2011: $100,000) is held as collateral to secure a corporate credit card facility pursuant to a right of set-off. An amount of $14,000 (2011: $19,000) was owed under the corporate credit card facility at balance date.

(c) Parent Entity commitments

The Parent Entity's operating lease commitments are as disclosed for the Group in Note 20(b). The Parent Entity has also committed to fund the capital commitments of its subsidiaries as set out in Note 20(a).

DIRECTORS' DECLARATION

30 JUNE 2012 WESTSIDE CORPORATION LIMITED

In the Directors' opinion:

(a) the financial statements and notes set out on pages 52 to 93 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

A Karoll
Director

Brisbane

26 September 2012

Independent auditor's report to the members of WestSide Corporation Limited

Report on the financial report

We have audited the accompanying financial report of WestSide Corporation Limited (the company), which comprises the balance sheet as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the WestSide Corporation Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.*

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Independent auditor's report to the members of WestSide Corporation Limited (continued)

Report on the financial report (continued)

Auditor's opinion

In our opinion:

(a) the financial report of WestSide Corporation Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the remuneration report

We have audited the remuneration report included in pages 38 to 48 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of WestSide Corporation Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of WestSide Corporation Limited (the company) for the year ended 30 June 2012 included on WestSide Corporation Limited's web site. The company's directors are responsible for the integrity of the WestSide Corporation Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

Brett Delaney

Brett Delaney
Partner
26 September 2012

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SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 24 September 2012.

A Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	ORDINARY SHARES	PERFORMANCE RIGHTS	INCENTIVE OPTIONS
Number of securities held	**Shareholders**	**Rightholders**	**Optionholders**
1–1,000	115	-	-
1,001-5,000	309	-	-
5,001–10,000	310	-	-
10,001–100,000	1,295	11	-
100,001 and over	297	14	7
	2,326	**25**	**7**

There were 132 holders of less than a marketable parcel of ordinary shares.

B Equity security holders

Twenty largest quoted equity security holders

The names of the 20 largest holders of ordinary shares are listed below:

	ORDINARY SHARES	
Name	**Number held**	**Percentage of issued shares**
UNIFORD PTY LTD	69,722,800	19.6
JP MORGAN NOMINEES AUSTRALIA LIMITED	47,455,938	13.3
CITICORP NOMINEES PTY LIMITED	20,726,588	5.8
PT BUMI RESOURCES TBK	20,452,886	5.7
MR ANGUS NELSON KAROLL	16,768,325	4.7
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	7,636,107	2.1
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	7,385,437	2.1
PRUDHOE INVESTMENTS PTY LTD	6,222,223	1.7
FANCHEL PTY LTD	5,400,000	1.5
RESOURCE & LAND MANAGEMENT SERVICES PTY LIMITED	4,972,292	1.4
JP MORGAN NOMINEES AUSTRALIA LIMITED	2,830,762	0.8
MR IAN MORTON & MRS DEBORAH MORTON	2,580,800	0.7
MR BENJAMIN DAVID SKERMAN	2,017,255	0.6
HEYERS AUTOS PTY LTD	1,935,500	0.5
ADRIENNE JANET HOPKINS	1,800,000	0.5
WONGALEE PTY LTD	1,800,000	0.5
AWJ FAMILY PTY LIMITED	1,545,000	0.4
MR RALPH LESLIE O'SHEA & MRS ZITA DAUNT	1,522,843	0.4
MR PETER MARCUS BARR & MRS KAY ELLEN BARR	1,428,000	0.4
MS SUSAN JOHNSON	1,400,000	0.4
D & K HEYER PTY LTD	1,400,000	0.4
Total	**227,002,756**	**63.7**

B Equity security holders (continued)

Unquoted equity securities

	Number on issue	Number of holders
Ordinary shares	646,250	16
Incentive Options issued under the WestSide Director and Employee Incentive Option Plan	2,002,000	7
Employee Performance Rights issued under the WestSide Employee Performance Rights Plan	5,357,000	25

C Substantial holders

Substantial holders in the Company are set out below:

	ORDINARY SHARES	
Name	Number of shares in which relevant interest held	Percentage of issued shares
Washington H. Soul Pattison and Company Limited	69,722,800	19.6
Australia and New Zealand Banking Group Limited	47,294,800	13.3
Saad Investments Company Limited	20,400,000	5.7
PT Bumi Resources TBK	20,452,886	5.7
Mr Angus Nelson Karoll	22,990,548	6.5

D Voting rights

The voting rights attaching to each class of equity securities are as set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Incentive Options and Performance Rights

No voting rights.

E. Interests in tenements

Tenement	Location	WestSide Interest
PL94	Bowen Basin – Queensland	51%
ATP 688P	Bowen Basin – Queensland	25.5%
ATP 769P	Bowen Basin – Queensland	25.5%
ATP 974P	Galilee Basin – Queensland	51%
ATP 978P	Galilee Basin – Queensland	51%

GLOSSARY

Term	Meaning
1P	Proved gas reserves
2P	Proved and Probable gas reserves
3P	Proved, Probable and Possible gas reserves
3C	Contingent resource (High) estimate
ASX	Australian Securities Exchange
Authority to Prospect (or ATP)	An authority to explore for petroleum granted by the Queensland Minister for Mines and Energy under Part 4 of the Petroleum Act
BCF (or Bcf)	Billion cubic feet (10^9 cubic feet). While BCF is a unit volume and PJ is a unit of energy the Calorific Value of CSG is such, on the average, that one BCF of gas provides one PJ of energy
Board or Board of Directors	The Board of Directors of WestSide Corporation Limited
BWPD (or bwpd)	Barrels of water per day
Coal Measure	Refers to the stratification of layers of coal interspersed with strata of other sedimentary materials
Consolidated Entity	The Company and its subsidiaries as set out in Note 18 to the financial statements
Company	WestSide Corporation Limited (WestSide) and / or its related bodies corporate as the context requires (ABN 74 117 145 516)
Core or coring	The process of drilling a hole and extracting material from a target depth for examination and testing – 'taking a core'
CSG (or CBM)	Coal seam gas, also called coal bed methane (CBM), refers to the gas (principally methane) which is found in coal seams
Director(s)	A Director of the Board of the Company
Gas in Place (or GIP)	The quantity of gas which is estimated to be contained in a known coal formation or discrete area
Gigajoule (or GJ)	Gigajoule (10^9 joules). There are 1,000 GJ in a Terajoule (TJ) and 1,000 TJ in a Petajoule (PJ)
Listing	The official listing of the Company on ASX
m	metres
MEPAU	Mitsui E&P Australia Pty Ltd
mscfd	Thousand standard cubic feet per day
Pilot Well	A well for gas and water extraction, generally in close proximity to another for the assessment of gas production potential
PJ	Petajoule (10^{15} joules)
P&A	Plugged and abandoned
Reserve	A resource which has been quantified by a verifiable process and has demonstrated commercial value
Resource	An unquantified body of material of potential value
Seismic	An assessment process whereby the reflected vibrations from a series of shocks or vibrations on the surface are used to infer underground structures
Share	A fully paid ordinary share in the capital of WestSide Corporation Limited
Shareholder	A holder of Shares
TJ	Terajoule (10^{12} joules)
TCF (or Tcf)	Trillion cubic feet (10^{12} cubic feet)
Tenement	The area and location over which an ATP is granted

CORPORATE DIRECTORY

WestSide Corporation Limited

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ACN 117 145 516

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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

Chief Executive Officer

Julie Beeby

Company Secretary

Damian Galvin

Auditors

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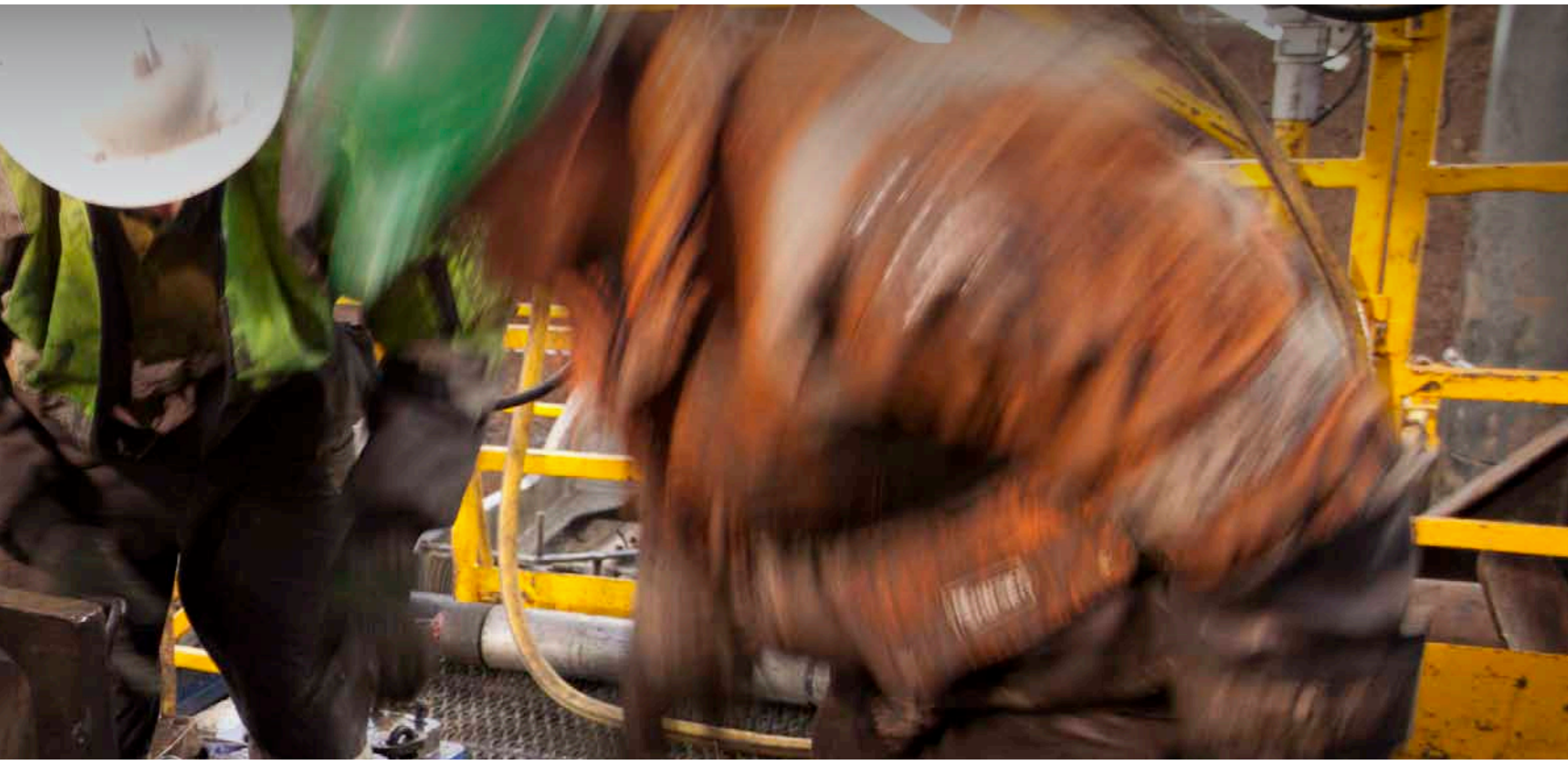

The reserves for WestSide's 51% interest in the Meridian SeamGas Project as at 31 December 2011 referred to in this report and the certified reserves figures for ATP 688P and ATP 769P are based on information compiled by John P. Seidle, Ph.D., P.E., and Vice President of MHA Petroleum Consultants LLC.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

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