



25 June 2010

---

### **Employment Agreement with Managing Director**

Somerton Energy Limited is pleased to announce that it has entered into an executive employment agreement with its Managing Director, Hector Gordon.

#### **Employment history**

Mr Gordon was appointed as a director of the Company at the Company's 2009 annual general meeting held 22 April 2010. Mr Gordon was appointed as an Executive Director of Beach Energy Limited in June 2005 and appointed the Chief Executive Officer in June 2009. He is a geologist with over 30 years of experience in the petroleum industry. His previous employers include Delhi Petroleum Pty Ltd, Esso Australia Pty Ltd, AGL Petroleum and Santos Limited. He is a member of the American Associate of Petroleum Geologists and the Society of Petroleum Engineers. Mr Gordon is also a fellow of the Australian Institution of Company Directors.

#### **Key terms of employment agreement**

Mr Gordon's employment has the following key terms:

- (a) annual remuneration package will be \$350,000 per annum plus superannuation;
- (b) with effect from 22 April 2010, the employment agreement is for a 3 year period;
- (c) Shareholders will also be asked to approve the issue of 3,000,000 incentive rights with the following terms:
  - (i) The rights will vest as follows:
    - (A) 1,000,000 rights on or after 22 April 2011 provided Mr Gordon has been in the continuous employment of Company from 22 April 2010 to 22 April 2011;
    - (B) 1,000,000 rights on or after 22 April 2012 provided Mr Gordon has been in the continuous employment of Company from 22 April 2010 to 22 April 2012; and
    - (C) 1,000,000 rights on or after 22 April 2013 provided Mr Gordon has been in the continuous employment of Company from 22 April 2010 to 22 April 2013.

For personal use only

- For personal use only
- (ii) Upon vesting the rights may be converted into ordinary shares in the Company at the election of Mr Gordon.
  - (iii) The rights will expire on 30 June 2013.
  - (d) the employment may be terminated in the following circumstances:
    - (i) by the Company:
      - (A) with cause or upon the occurrence of certain events such as Mr Gordon's serious misconduct or bankruptcy; or
      - (B) by giving three month's notice for Mr Gordon's unsatisfactory performance where Mr Gordon has been given an opportunity to improve such performance; and
    - (ii) by Mr Gordon:
      - (A) at any time prior to 31 December 2010, by the giving of one month's notice in writing; or
      - (B) at any time after 31 December 2010, by the giving of six months notice in writing.
  - (e) Mr Gordon shall be permitted to undertake such duties as may reasonably be required by reason of Mr Gordon holding the office of Director of the following entities:
    - (i) Beach Energy Limited;
    - (ii) South East Energy Limited; and
    - (iii) APPEA Limited; and
  - (f) until 31 December 2010, Mr Gordon shall be permitted to dedicate (so far as reasonably necessary) up to 50 per cent of his working hours to any ongoing responsibilities with Beach Energy Limited.

Yours faithfully



Alfonso Grillo  
Company Secretary