

# Somerton Energy Limited

Annual General Meeting  
7 October 2010

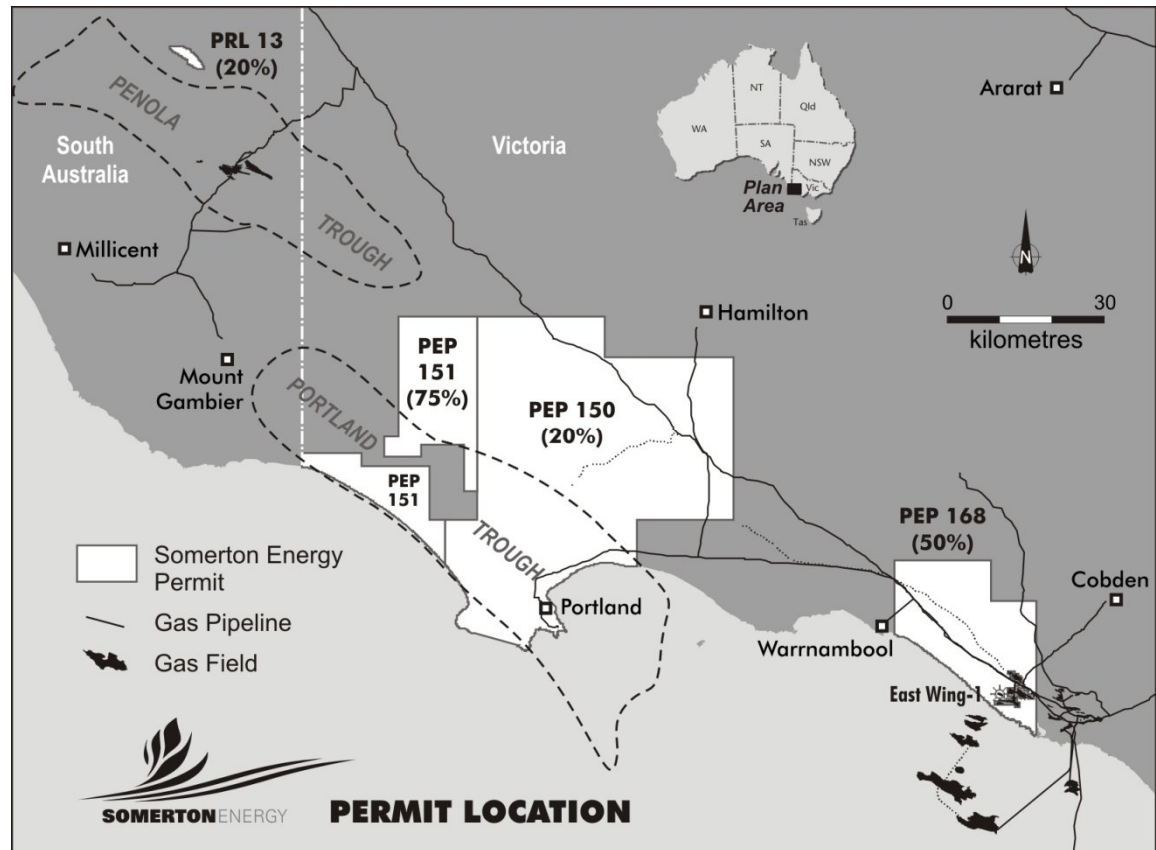
# Compliance statements

## Disclaimer

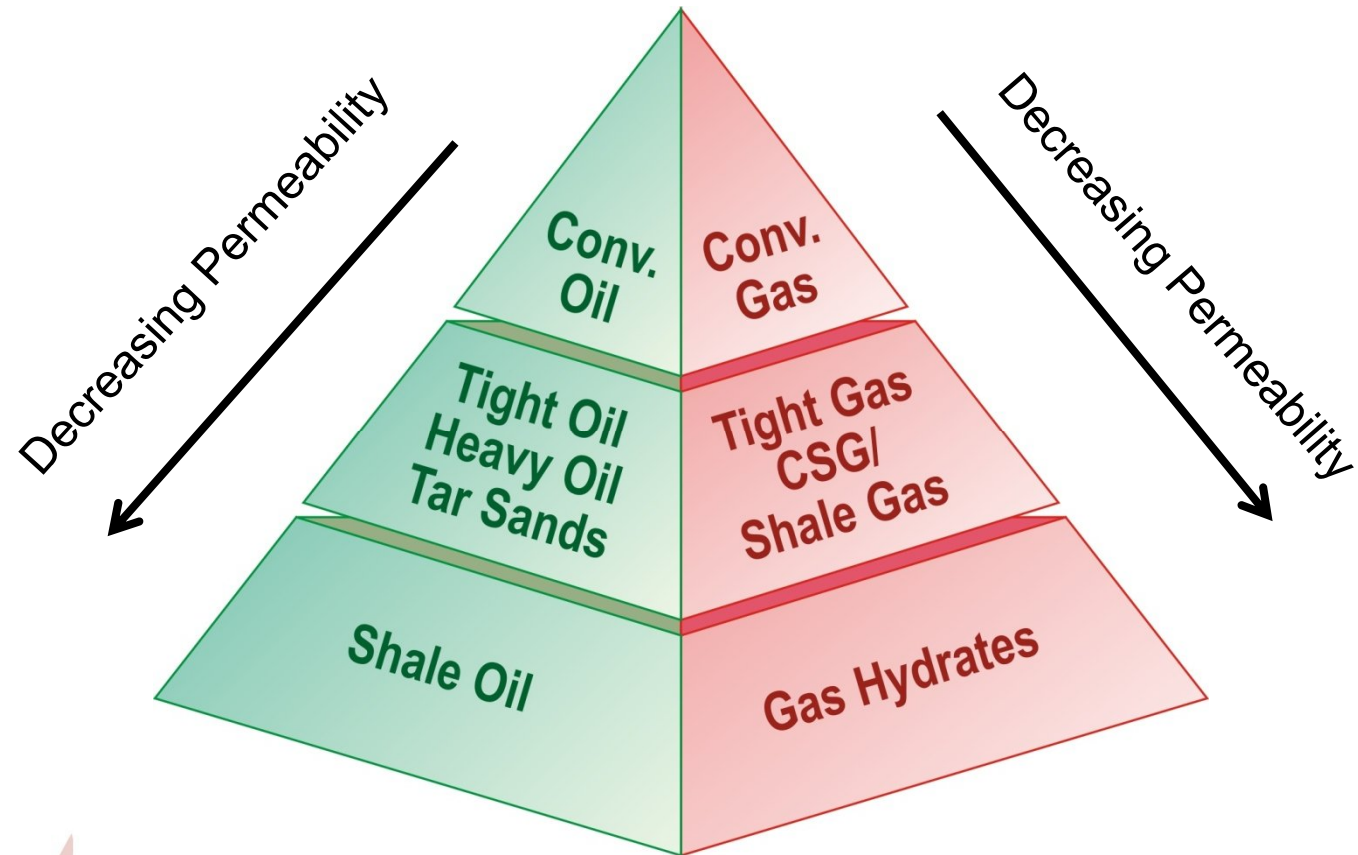
- The information contained in this presentation is current as at 7 October 2010. All statements are based upon the Company's best information as at 7 October 2010. Any estimates or projections as to events that may occur in the future (including projections of revenue, expense, net income and share performance) are based upon the best judgement and beliefs of Somerton Energy management but are subject to various risks, uncertainties and assumptions.
- Somerton Energy has not independently verified the information contained herein. Somerton Energy does not make any representation or warranty, express or implied as to the accuracy of the information or opinions contained in this document and no liability is accepted by Somerton Energy or any of its directors, members, officers, employees, agents or advisers for any such information or opinions. Accordingly, this information is being supplied to you, in whole or in part, for information purposes only and not for any other purpose.
- This document does not constitute a prospectus and should not to be construed as a solicitation of an offer to buy or sell any securities or related financial products in any jurisdiction. The contents of this document should not be construed as legal, tax, accounting or investment advice or a recommendation.
- Potential investors should not rely solely on the information contained herein prior to making any investment decision. Investors should seek independent advice from a properly qualified advisor, giving due regard to their own personal circumstances, prior to forming any investment decision.
- All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated. References to "Somerton" may be references to Somerton Energy Limited or its applicable subsidiaries.

# Current Status

- Capital Raising of \$12.5 million
- 141 million shares on Issue
- Market Cap \$18 million
- Cash \$10.5 million
- 5 onshore tenements
- 3 undeveloped discoveries
  - Killanoola (Oil)
  - East Wing (Gas)
  - Wombat (Gas)

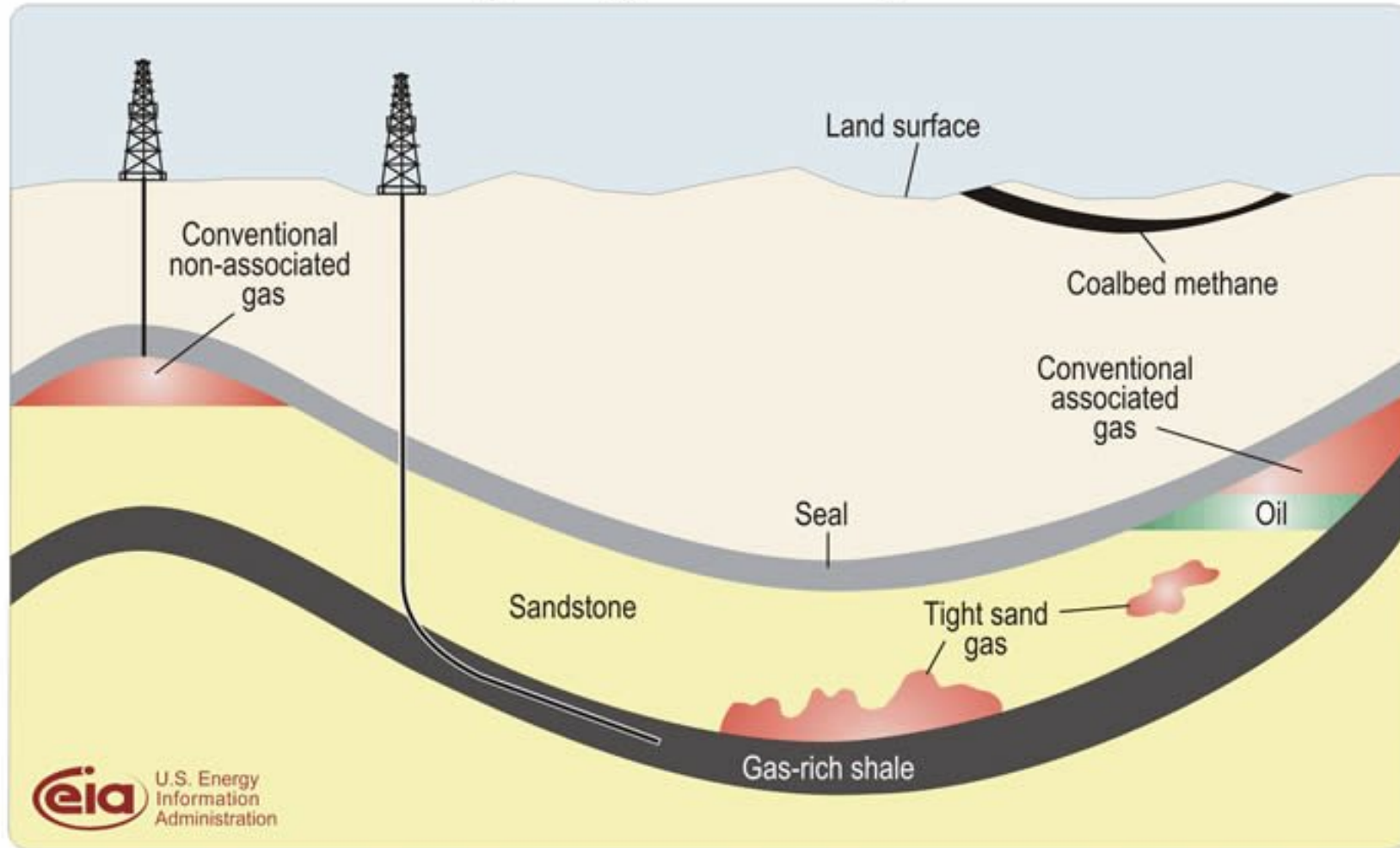


# Petroleum Resources Pyramid



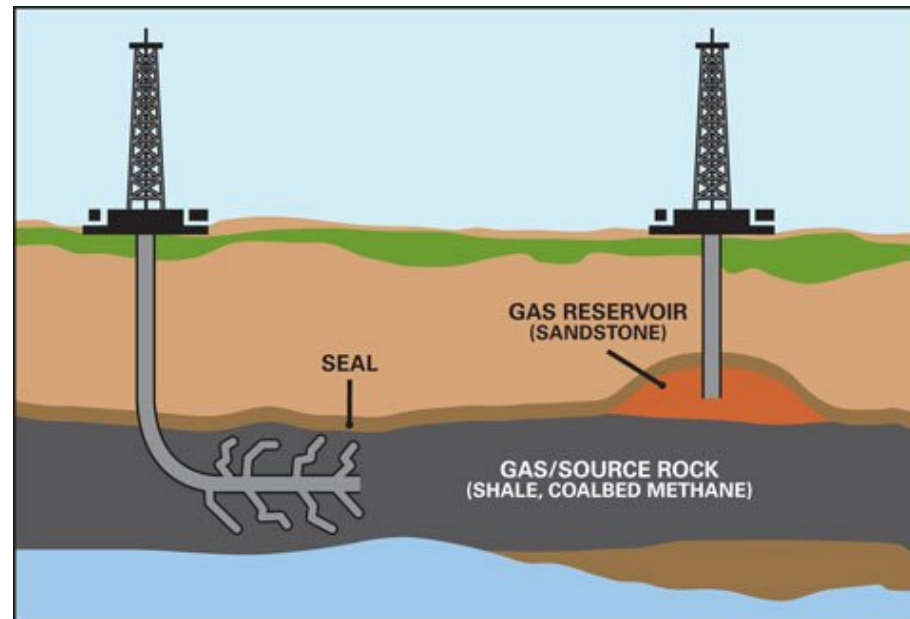
# What is Shale Gas?

Schematic geology of natural gas resources

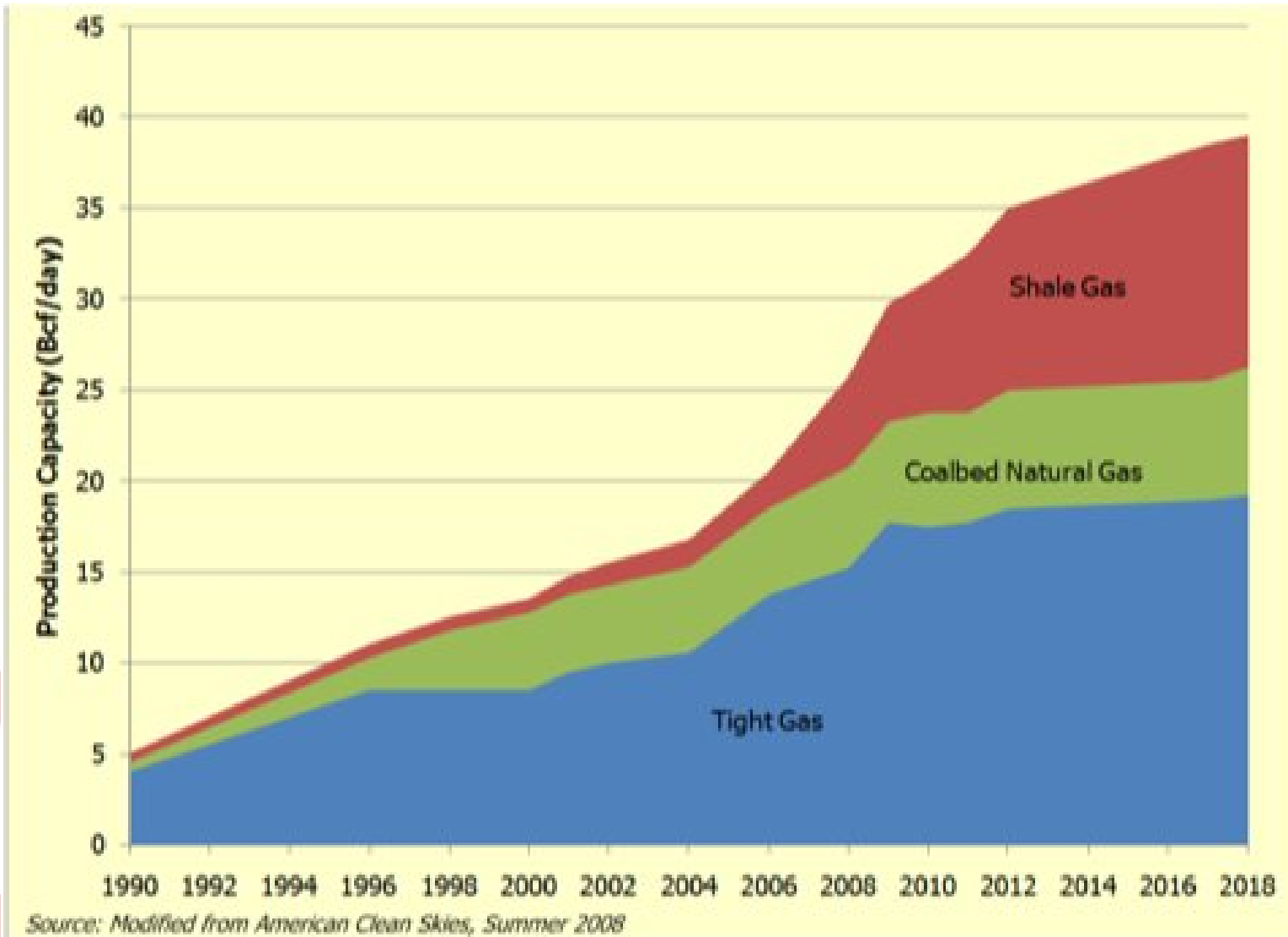


# What is Shale Gas?

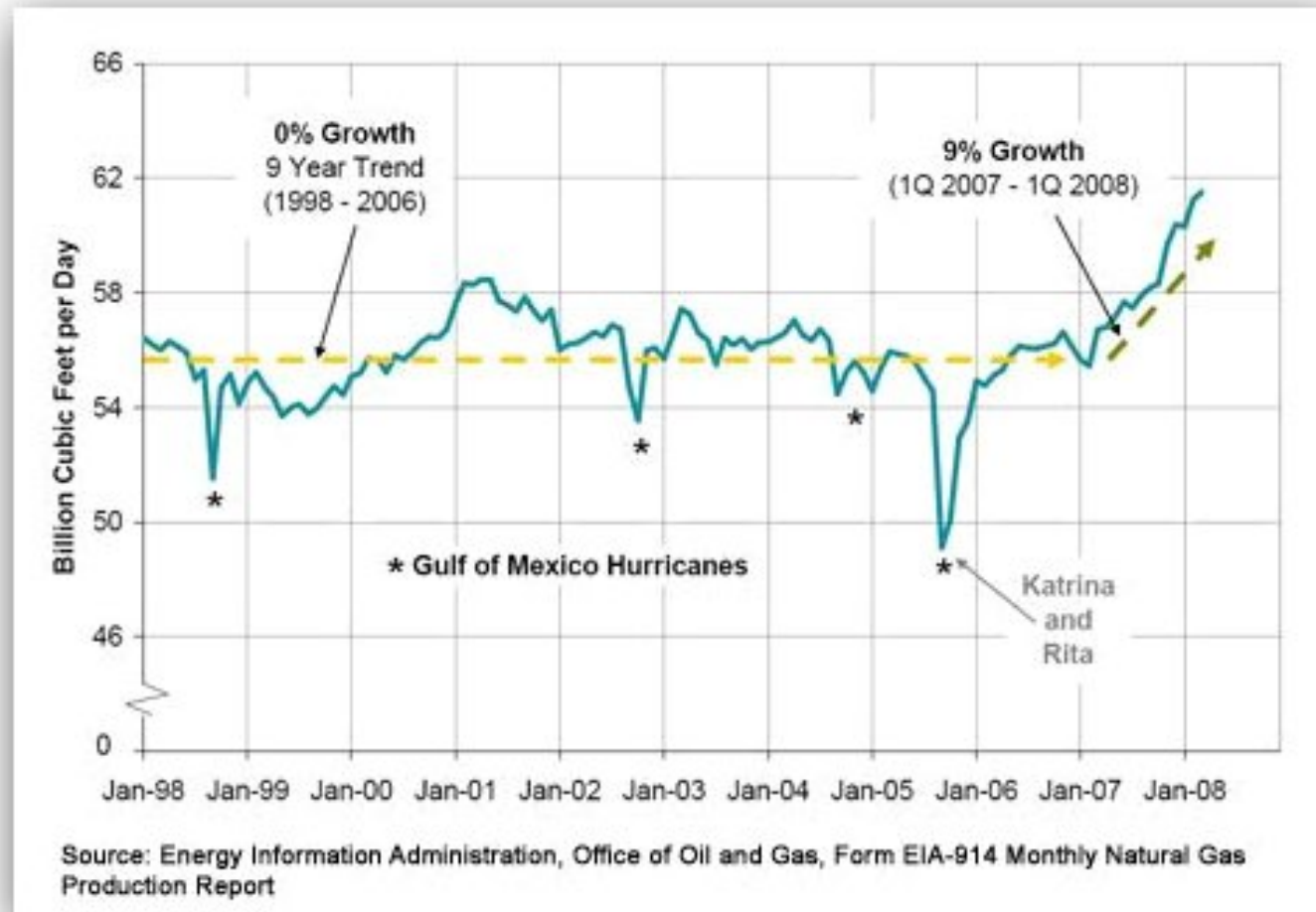
- Shales are typically high porosity, low permeability rocks that are often the source of oil and gas generated in a petroleum basin – and retain large volumes of gas
- New technology can create higher permeability and greater gas flow into horizontal well bores by high pressure hydraulic fracturing



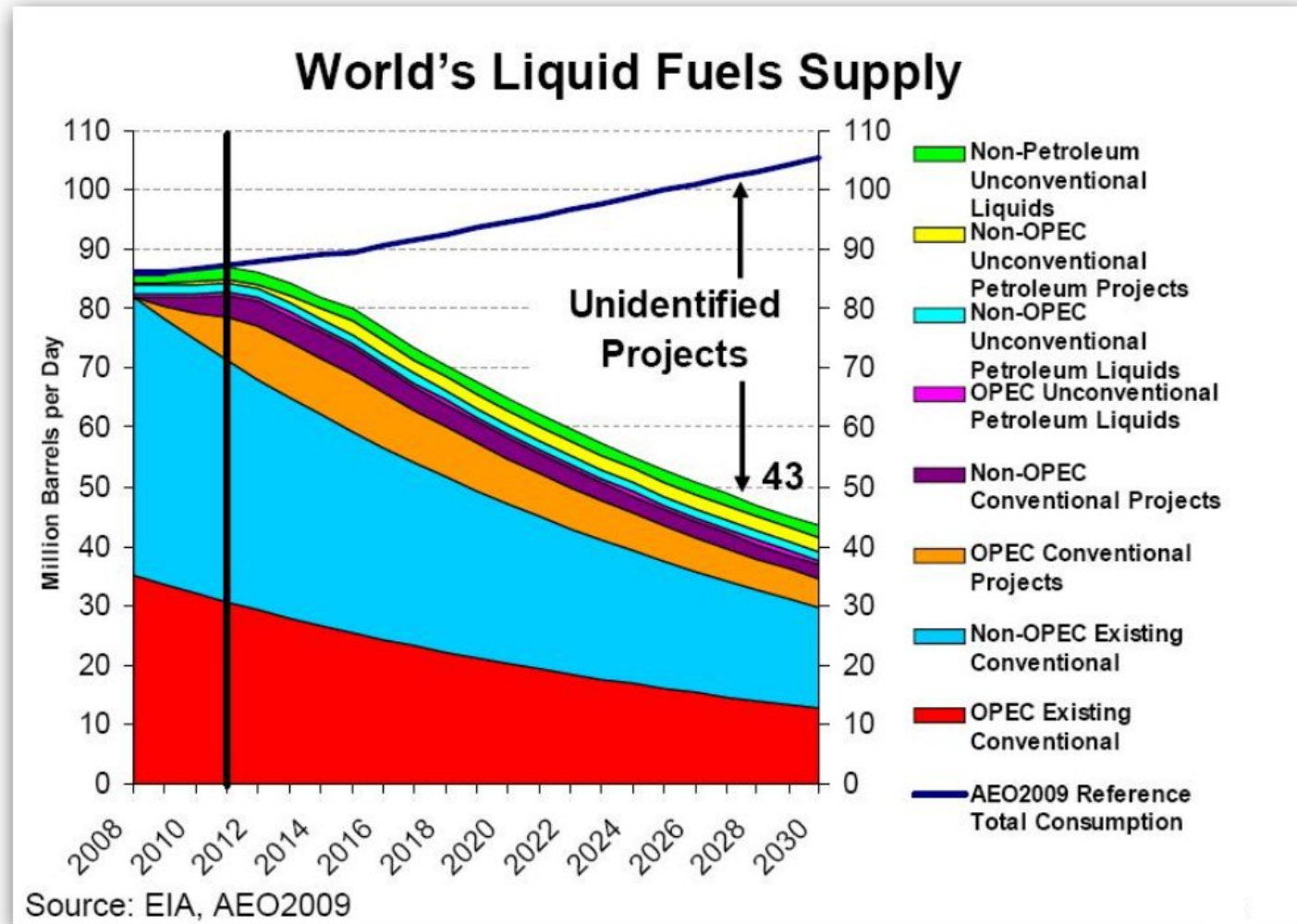
# Industry Background – The Unconventional Revolution



# Industry Background – The Unconventional Revolution



# Industry Background - Oil



# Growth Strategy

1. The oil and gas industry is experiencing a structural change – an increasing focus on unconventional resources as conventional resources mature.
2. Somerton sees significant potential in company's existing assets in the Otway - particularly with a new unconventional focus.
3. Somerton has strong links with North American players experienced in unconventional plays.
4. Initial focus on Otway & Gippsland Basins, but simultaneously pursue opportunities within other onshore Australian Basins and Internationally.
5. Strong focus on oil opportunities.

# Immediate Priorities

1. Exploit the existing portfolio ..... Bring the undeveloped resources into production.

- Killanoola
- East Wing
- Wombat

2. Build Exploration Portfolio

- Pursue (unconventional) plays in Otway & other Australian Basins
- North America

# Strategic Alliance with Beach Energy

## Benefits

- Enables Somerton to identify and assess opportunities more effectively than would otherwise be possible for a small explorer

## Form of Agreement

- "Strategic Alliance Agreement" - 3 year term, or terminated if Beach's shareholding in Somerton falls below 20%

## Access to Deal Flow / Opportunities

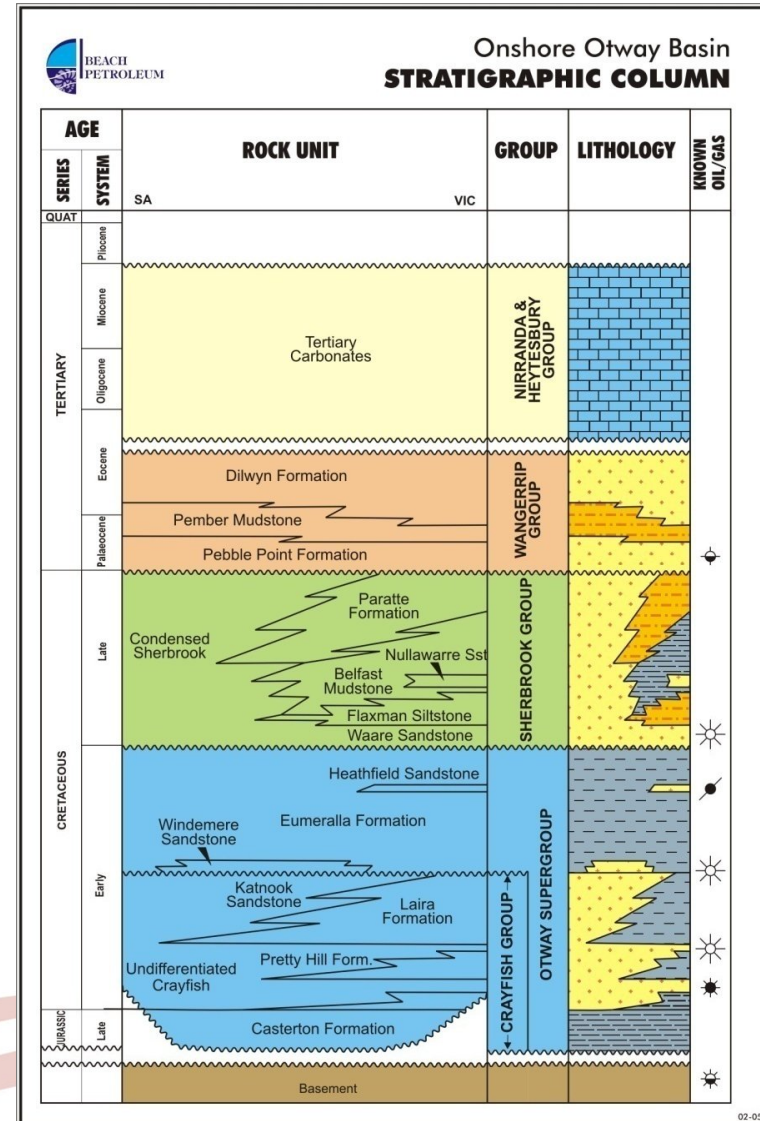
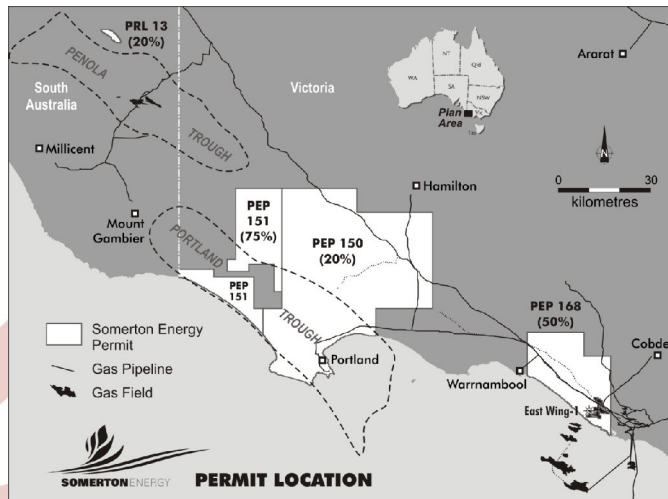
- Joint activities in the onshore Otway & Gippsland Basins (non-compete)
- Preferred partner in other areas

## Support Services

- Field Operations
- Technical support
- Investor Relations
- General administrative support

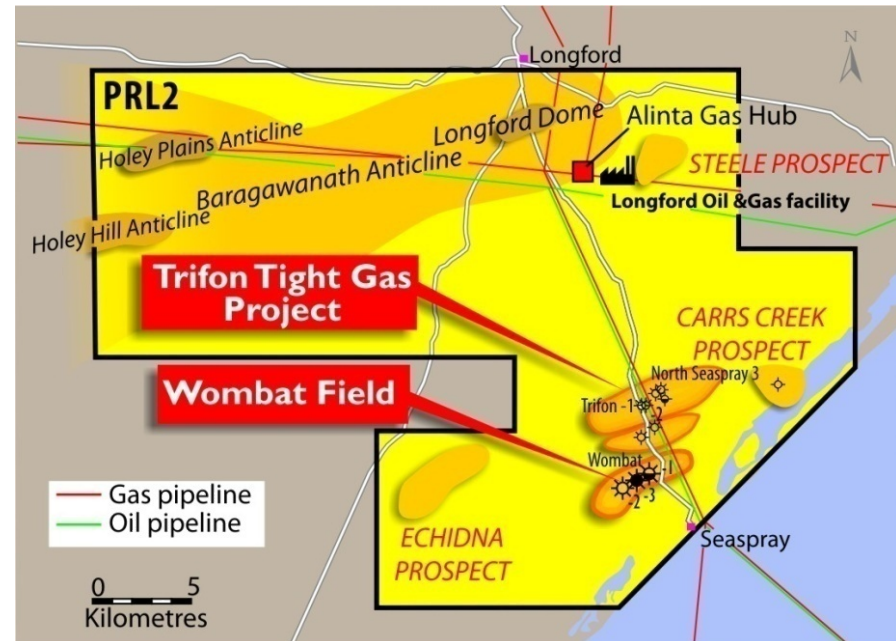
# Otway Basin - Geology

- Two key source rocks
  - Casterton
  - Eumeralla
  
- Two key reservoirs
  - Pretty Hill
  - Waare



# PRL 2 – Gippsland Basin

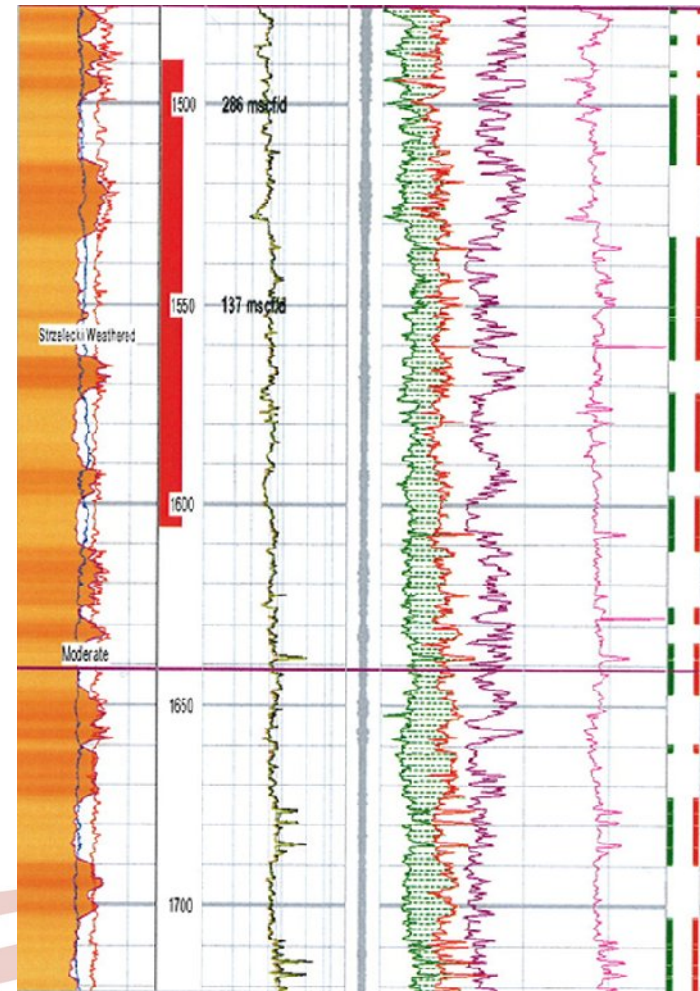
- Wombat tight gas discovery
- Lakes Oil – 100%, Somerton farming in to earn up to 16.67%
- Initial program to earn up to 5% interest
- Option to earn a further 11.7%
- Estimated by GCA to contain 2C Gas Resource of 329 BCF
- Moderate risk project with very high upside
- Program to commence 1st quarter 2011



# Wombat Tight Gas Field

Field	1C	2C	3C
Wombat	258	329	628
Trifon/North Seaspray	70	206	301
Gangell Area	50	168	209

- Thick Section / Stacked Sands
- Volcanogenic Sandstones & Shales
- Good Porosity / Low Permeability
- Demonstrated Gas Flows
- Fracture Stimulation required to connect porosity
- Low CO<sub>2</sub>



# Forward Program

1. Objective is to build a portfolio of high impact onshore projects in Otway/Gippsland and at least one other region
  - Focus on unconventional plays and oil
  
2. Short term plan is to exploit development opportunities within existing portfolio
  - Wombat (Q1 2011)
  - Killanoola (Q1 2011)
  - East Wing (FY12)
  
3. Concurrently move to new assets consistent with strategy
  - Process well advanced
  - Aim to acquire at least 2 new assets during 2010