

Somerton Energy Limited

Investor Presentation

August 2010

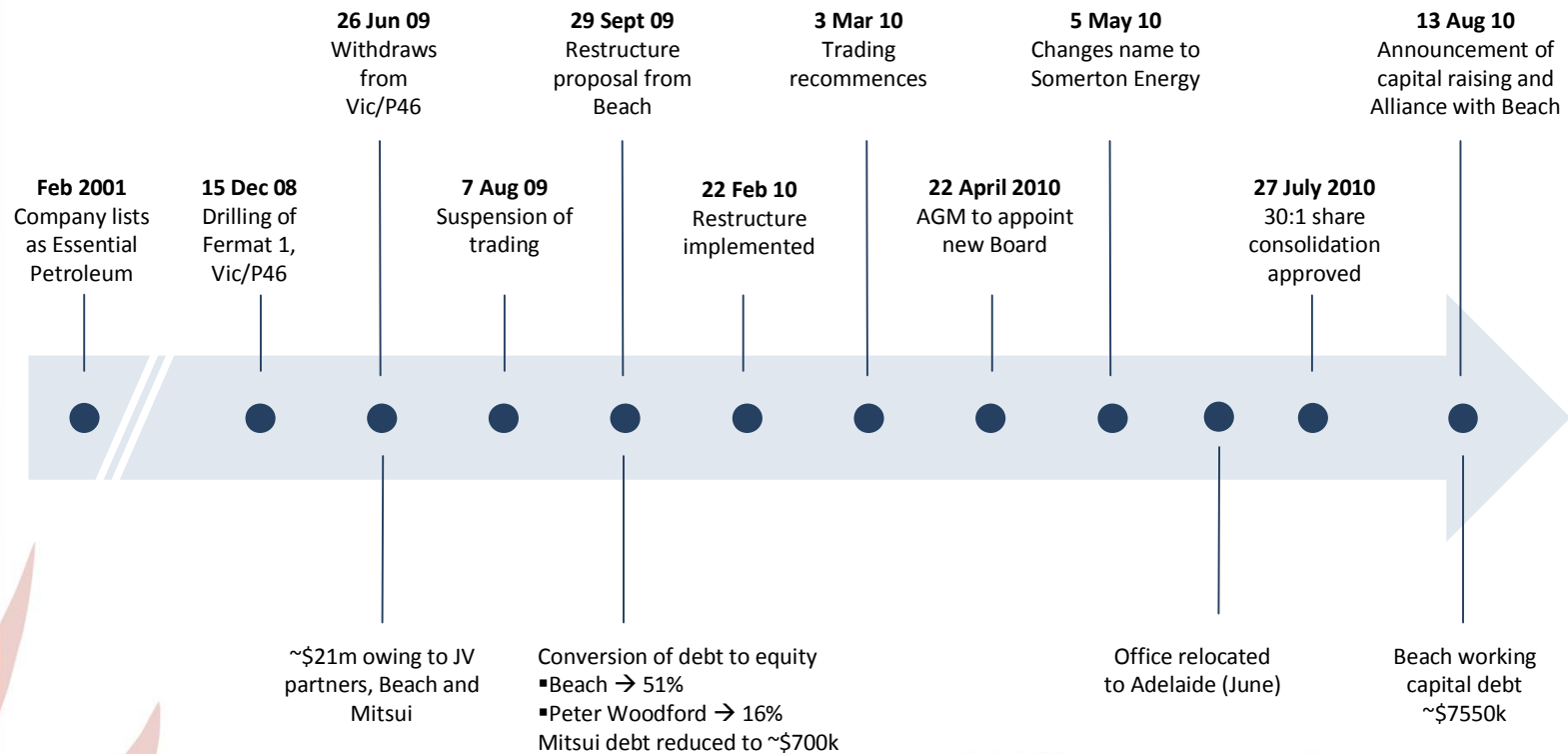
Compliance statements

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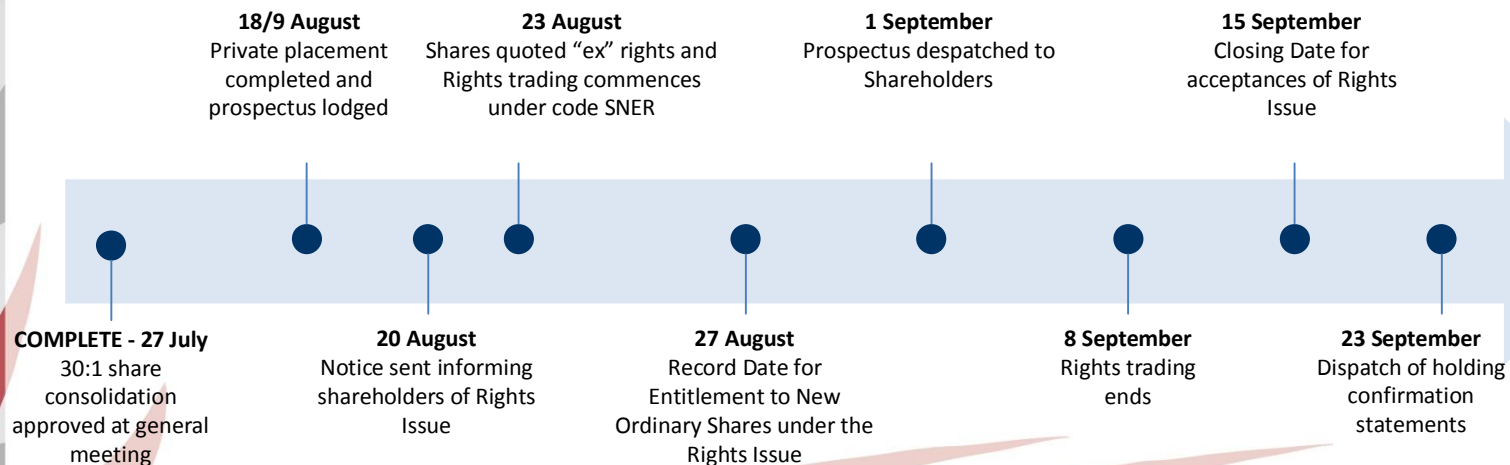
Background

- Somerton Energy has emerged from the recapitalisation and reorganisation of Essential Petroleum.
- Somerton will now be a strongly capitalised energy company, with new management and board focused on delivering building a significant Australian based energy business.



Capital Raising

- Somerton will have around \$14 million to apply to new projects and existing assets after completion of a placement a rights issue at **13 cents per share**
- Placement raising \$0.7 million complete
- 2 for 1 fully underwritten renounceable Rights Issue raising \$13.1 million announced
 - Prospectus lodged
 - Support from major shareholders, Beach and Peter Woodford (~\$9.5 million committed in total)
 - Directors have committed to the capital raising
- Indicative timetable outlined below



Resulting Capital Structure (Max Subscription)

Capital Structure Post-Consolidation and Capital Raising

Share Price (at issue price) \$0.13

Shares on Issue 151.2m

Market Capitalisation \$19.7m

Major Shareholders

Beach Energy Limited 46% - 57%

Dr. Peter Woodford 16%

Directors 1 - 3%

- **Somerton has made several significant changes:**

- ✓ Put in place an experienced and proven Board and Managing Director
- ✓ Undertaken a capital consolidation to improve the Company's capital structure
- ✓ Entered into a Strategic Alliance with Beach Energy
- ✓ Strengthened balance sheet through a large capital raising
- ✓ Secured a conditional option to farm into a tight gas project in the Gippsland Basin with Beach Energy and Lakes Oil
- ✓ Working on securing several other oil and gas opportunities

Board of Directors

- New Board appointed April 2010
- Mr Robert Kennedy, Non-Executive Chairman
 - Chartered Accountant, founder of Kennedy & Co, Chartered Accountants
 - Chairman Of Beach Energy since 1995
 - Current Director of six other ASX listed resource and energy companies
- Mr Hector Gordon, Managing Director
 - Petroleum Geologist with 30+ years of experience
 - Executive Director Beach Energy since 2005, CEO since June 2009
 - Ex Delhi, Esso, AGL and Santos
- Mr Peter Mullins, Non-Executive Director
 - Banker & Corporate Financier with 40 years experience in Australia and USA
 - Ex Head of Institutional Banking SA & NT, Commonwealth Bank



Growth Strategy

Somerton sees significant oil and gas opportunities as a strongly capitalised emerging energy business

- (i) Somerton sees significant potential in companies existing assets in the Otway - particularly with a new unconventional focus
- (ii) The oil and gas industry is experiencing a structural change – an increasing focus on unconventional resources as conventional resources mature
- (iii) Somerton has strong links with North American players experienced in unconventional plays
- (iv) Initial focus on Otway & Gippsland Basins, but simultaneously pursue opportunities within other onshore Australian Basins and Internationally
- (v) Strong focus on oil opportunities

Ability to deliver on strategy

Somerton is well placed to deliver value to shareholders:

- ✓ Existing asset base
- ✓ Strong Board and Management
- ✓ Strategic Alliance with Beach Energy
- ✓ Improved balance sheet and funding capacity

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

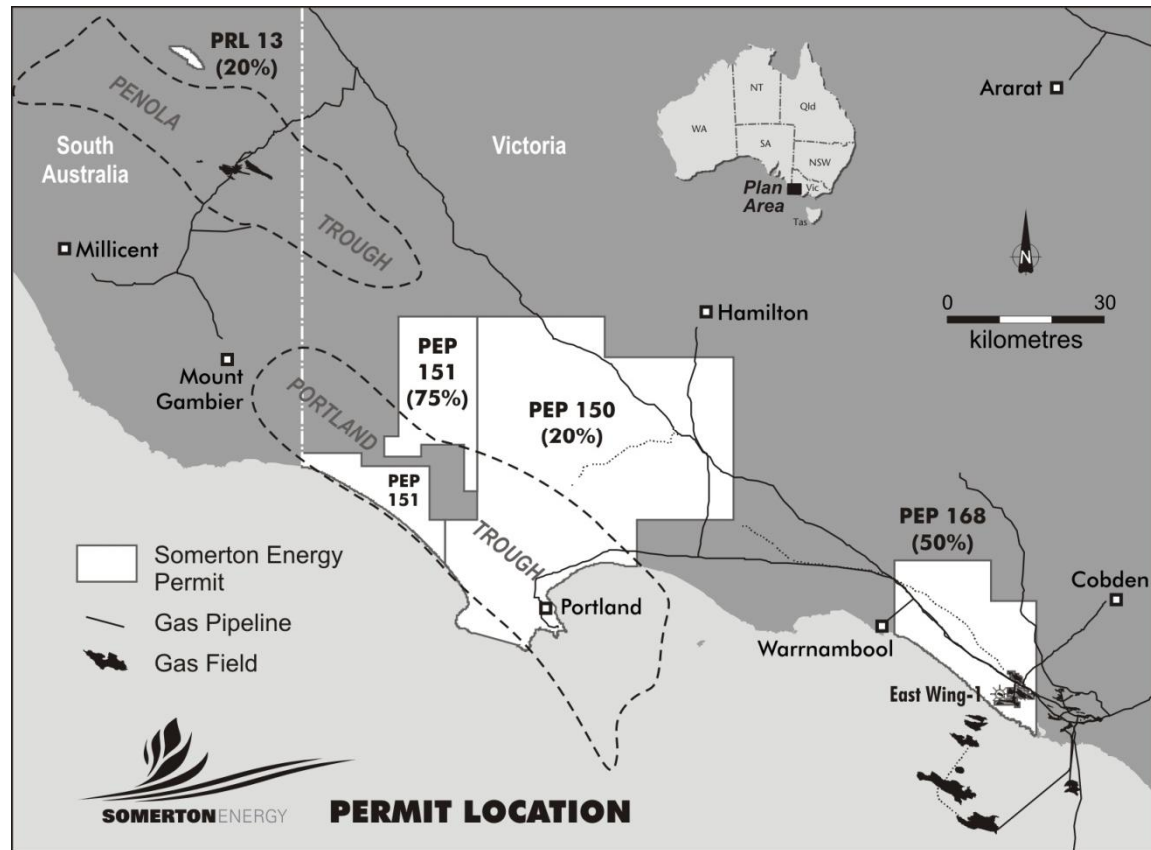
- Joint activities in the onshore Otway & Gippsland Basins (non-compete)
- Preferred partner in other areas

Support Services

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

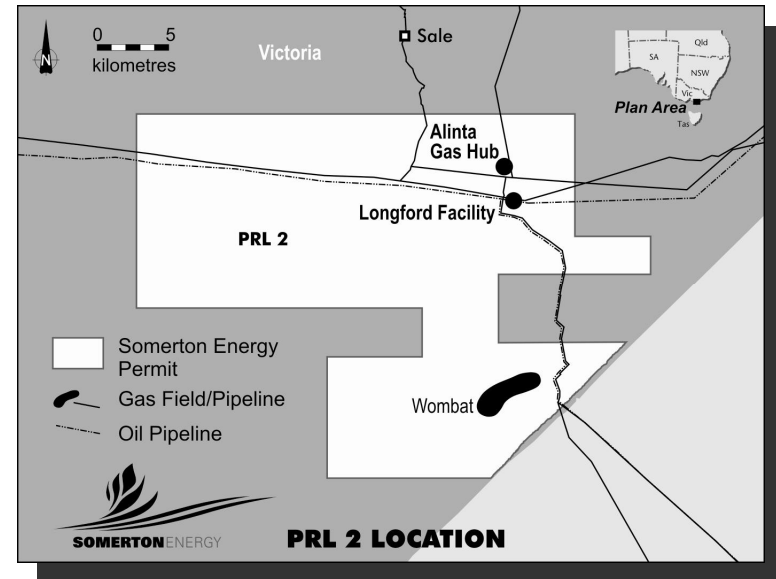
Current Tenements – Otway Basin

- Otway Basin has good potential for variety of unconventional plays – Casterton & Eumeralla Formations
- Otway very well located in relation to markets & infrastructure
- Somerton has good acreage position in Otway - 3 exploration licences and one retention lease
- Further acquisitions being actively pursued



PRL 2 – Gippsland Basin

- Wombat tight gas discovery
- Lakes Oil – 100%, Beach farming in to earn up to 50%
- Conditional option to acquire 5% interest
- Further option to earn a further 11.7%
- Estimated by GCA to contain 2C Gas Resource of 293 BCF
- Moderate risk project with very high upside
- Program to commence October 2010



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 (October 2010)
 - 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

Summary - Key Investment Features

Investment opportunity in a renewed company with a refocused strategy and solid platform

Strategy capable of delivering attractive returns

- Potential for significant value in unconventional gas and oil plays in Australia
- Experience, knowledge and contacts

Positioned to grow

- Improved balance sheet
- Supporting major shareholders
- Focused strategy

Assets

- Existing portfolio of assets in Otway and Gippsland Basins
- A number of other opportunities under review

Strategic alliance with Beach Energy

- Deal flow
- Funding
- Support Services

Experienced Board

- Highly credentialed Board and Senior Management
- Large network

Small capitalisation and well funded

- Leveraged to growth opportunities
- Well funded

Use of Funds

- Somerton will allocate funds raised to pursue the targets identified in its existing portfolio, as well as to identify and pursue other opportunities consistent with its strategy.
- As with all forward programs, it will be flexible and depending on early results and other opportunities that are identified.