



19 August 2010

Renounceable Rights Issue

Somerton Energy Limited wishes to advise that the Company has today lodged with ASIC a prospectus for a renounceable Rights Issue.

Please find **attached** an Appendix 3B pertaining to the Rights Issue.

Yours faithfully

A handwritten signature in black ink, appearing to read "Alfonso Grillo". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Alfonso Grillo
Company Secretary

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

SOMERTON ENERGY LIMITED

ABN

38 089 956 150

We (the entity) give ASX the following information.

Part 1 – All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|----|--|----------------------------|
| 1. | ⁺ Class of ⁺ securities issued or to be issued | Ordinary shares |
| 2. | Number of ⁺ securities issued or to be issued (if known) or maximum number which may be issued | Up to 100,800,070. |
| 3. | Principal terms of the ⁺ securities (eg, if options, exercise price and expiry date; if partly paid ⁺ securities, the amount outstanding and due dates for payment; if ⁺ convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares |

⁺ See chapter 19 for defined terms.

4.	<p>Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes. Ordinary shares rank pari passu with fully paid ordinary shares on issue</p>				
5.	Issue price or consideration	\$0.13 per ordinary share				
6.	<p>Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The funds raised will primarily be used to explore for and develop petroleum accumulations within unconventional reservoirs and/or traps in the onshore Otway and Gippsland Basins. The funds will also be used to review new opportunities consistent with the Company's strategy and its forward program will be flexible in this regard.</p>				
7.	<p>Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	23 September 2010				
8.	<p>Number and ⁺class of all ⁺securities quoted on ASX (<i>including</i> the securities in clause 2 if applicable)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding: 2px;">Number</th> <th style="text-align: left; padding: 2px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;">Up to 151,200,105</td> <td style="padding: 2px;">Fully paid ordinary shares</td> </tr> </tbody> </table>	Number	+Class	Up to 151,200,105	Fully paid ordinary shares
Number	+Class					
Up to 151,200,105	Fully paid ordinary shares					

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9.	Number and ⁺ class of all ⁺ securities not quoted on ASX (<i>including</i> the securities in clause 2 if applicable)	Number	+Class
		3,000,000	Incentive Rights
10.	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The Directors of the Company may from time to time determine to distribute the profits of the Company by way of dividend amongst the shareholders in proportion to the amounts paid up on the Shares held by them.	

Part 2 – Bonus issue or pro rata issue

11.	Is security holder approval required?	No.	
12.	Is the issue renounceable or non-renounceable?	Renounceable.	
13.	Ratio in which the ⁺ securities will be offered	Two (2) New Ordinary Shares for every one (1) Ordinary Share held by shareholders registered as at 7:00pm (AEST) on the Record Date of 27 August 2010.	
14.	⁺ Class of ⁺ securities to which the offer relates	Ordinary shares.	
15.	⁺ Record date to determine entitlements	7.00pm (AEST) on 27 August 2010.	
16.	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No.	
17.	Policy for deciding entitlements in relation to fractions	N/A.	
18.	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	France Hong Kong India Ireland Malaysia Singapore South Africa Taiwan Province of China United Kingdom United States of America	
19.	Closing date for receipt of acceptances or renunciations	5.00pm (AEST) time on 15 September 2010.	

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20.	Names of any underwriters	Euroz Securities Limited.
21.	Amount of any underwriting fee or commission	<p>The Company is to reimburse the Underwriter for all reasonable expenses incurred and to pay the Underwriter, subject to the terms of the Underwriting Agreement:</p> <ul style="list-style-type: none"> (i) an underwriting fee of 5% of the Underwritten Amount (less the amount raised from two existing shareholders Beach Energy Limited and Dr Peter Woodford); and (ii) a management fee of 1% of the Underwritten Amount (less the amount raised from Dr Peter Woodford). <p>It is the responsibility of the Underwriter to pay commissions to any other brokers raising funds under the Offer and to pay any sub-underwriting fee to its sub-underwriters.</p> <p>If the Rights Issue does not proceed for any reason, including termination of the Agreement by the Underwriter but excluding failure by the Underwriter to perform its obligations under the Agreement, the Company undertakes to pay the Underwriter:</p> <ul style="list-style-type: none"> (i) a termination fee of \$30,000; and (ii) the reimbursement of any incurred or accrued expenses up to the date of termination.
22.	Names of any brokers to the issue	Euroz Securities Limited.
23.	Fee or commission payable to the broker to the issue	N/A.
24.	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	N/A.
25.	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A.
26.	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	1 September 2010.

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27.	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A.
28.	Date rights trading will begin (if applicable)	23 August 2010.
29.	Date rights trading will end (if applicable)	8 September 2010.
30.	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	Security Holders need to complete the section headed "Instructions to your Stockbroker" on the back of the entitlement and acceptance form indicating the number of rights they wish to sell and lodge the form with their stockbroker.
31.	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Security Holders need to complete the section headed "Instructions to your Stockbroker" on the back of the entitlement and acceptance form indicating number of New Ordinary Shares they wish to take up and the number of rights they wish to sell and lodge the form together with payment with their stockbroker.
32.	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	A Standard Renunciation Form must be used for an off market transfer of rights. These forms may be obtained from your Stockbroker or the registry, Computershare Investor Services Pty Limited.
33.	⁺ Despatch date	23 September 2010.

Part 3 – Quotation of securities

You need only complete this section if you are applying for quotation of securities

34. Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35. If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
36. If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 – 5,000
5,001 – 10,000
10,001 – 100,000
100,001 and over
37. A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38. Number of securities for which ⁺quotation is sought
39. Class of ⁺securities for which quotation is sought
40. Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?

If the additional securities do not rank equally, please state:
 - the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
41. Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

⁺ See chapter 19 for defined terms.

42. Number and ⁺class of all ⁺securities quoted on ASX (*including* the securities in clause 38)

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Quotation agreement

1. ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.
2. We warrant the following to ASX.
 - The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those ⁺securities should be not be granted ⁺quotation.
 - An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.
3. We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
4. We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

Date: 19 August 2010



(Director/Company secretary)

Print name: Alfonso Grillo

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⁺ See chapter 19 for defined terms.