



25 August 2010

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### Replacement Investor Presentation

Please see **attached** revised Investor Presentation replacing the Investor Presentation lodged with ASX earlier today, 25 August 2010.

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

# Somerton Energy Limited

Investor Presentation

August 2010

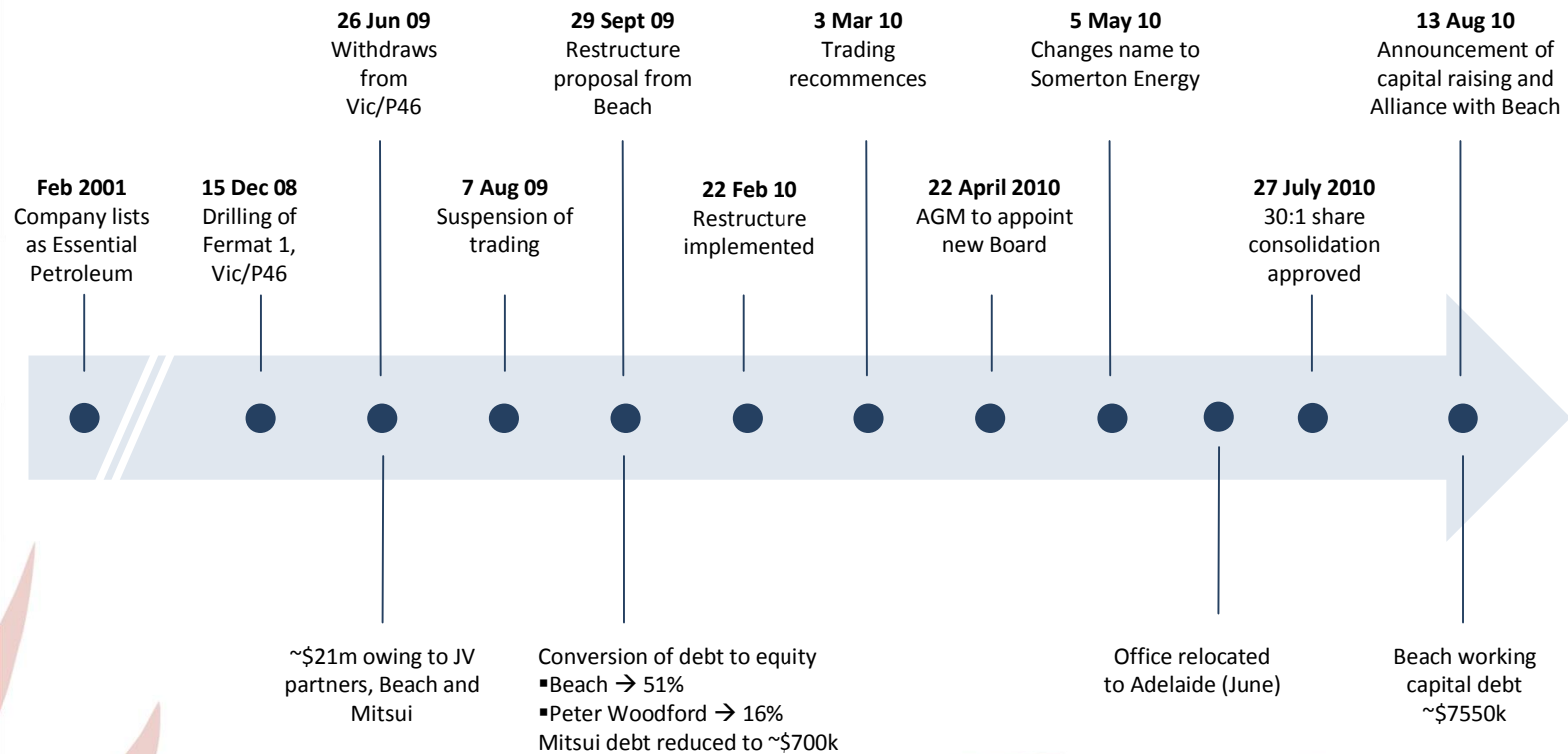
# Compliance statements

## Disclaimer

- The information contained in this presentation is current as at 24 August 2010. All statements are based upon the Company's best information as at 24 August 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.
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- 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.

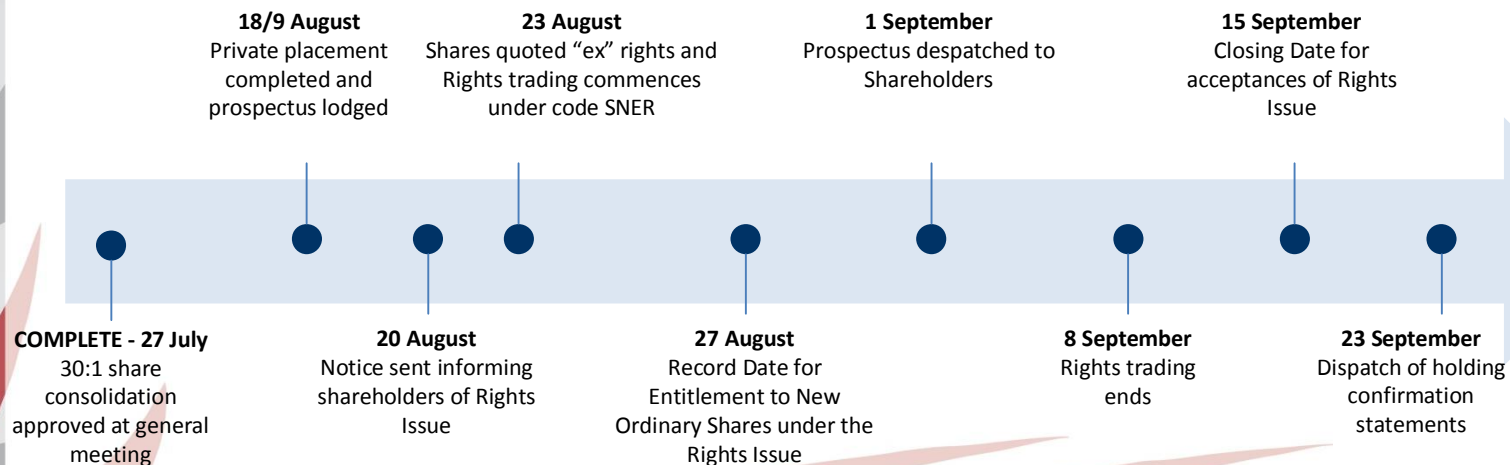
# Background

- 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 partially 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

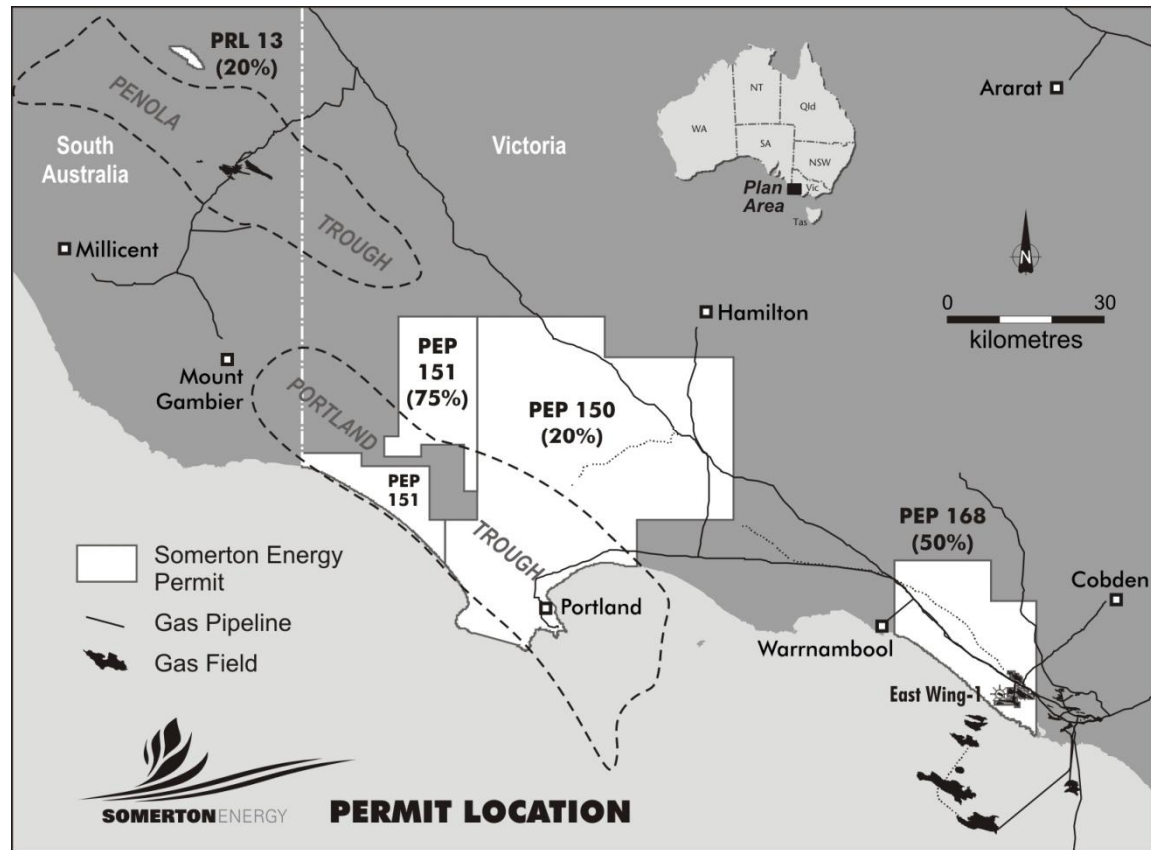
- Joint activities in the onshore Otway & Gippsland Basins (non-compete)
- Preferred partner in other areas

## Support Services

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

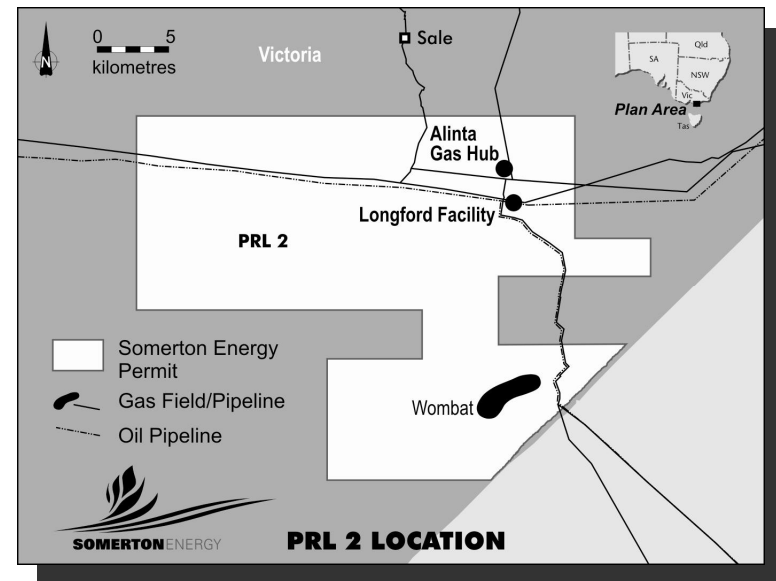
# Current Tenements – Otway Basin

- 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.