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SHAREHOLDER UPDATE

14 November 2011

ACTIVITIES UPDATE – NOVEMBER 2011

Exploration – PNG

As previously advised, the Baramata 2D seismic survey was undertaken by the Company during 8 – 13 August 2011 over the central and western parts of PPL 326 in the deeper offshore waters. The acquisition was primarily targeted at obtaining more information regarding the Sunday, Rodney and Grange leads, but also included a line from this area up to the western edge of PPL 326. In all 973 prime line km of data was acquired. Final processing of the data was completed and delivered to the Company on 6 October 2011.

Since then Dr Michael Swift, the Company's Exploration Manager, has been working through the data interpreting it. The early review of this data is very encouraging and the features observed in the raw data processed onboard, as referred to in the Shareholder Update dated 19 August 2011 have remained. We are now able to identify a large number of leads and to move Sunday to a prospect status. We will release the results of this early interpretation in the Company's presentation to the Oil Council's World Energy Capital Assembly on 17 November 2011 and we will post that Presentation on the Company's website on Friday 18 November 2011.

The results of the Baramata 2D seismic survey have made us very interested to acquire seismic data in the shallower water and onshore. We are currently in the process of finalising a 525km shallow water offshore and transition zone 2D seismic acquisition program which we are targeting to commence mid January 2012. We are also progressing finalisation of the 1,500km onshore 2D seismic acquisition program which we are targeting to commence in April 2012.

The landholder engagement process with people within the PPL 326 area is ongoing and the Company is finding a high degree of excitement and enthusiasm from the local people about the work being undertaken and to be undertaken going forward. As part of this process our PNG team is also progressing the verification of the various reported oil seeps in the area. As mentioned in the Shareholder Update dated 8 August 2011, further oil seeps were reported as discussions have been held with people on the land and this has continued so that there are now quite a number of reported oil seeps to investigate.

Exploration – Gippsland

Due to the delays in the processing of the Victorian Government's Southern Flanks 2D seismic survey, the interpretation of which was intended to form part of the Year 4 work program for the 3 tenements, the Company applied for a 6 month suspension and extension of the 3 permits. The Joint Authority which administers the 3 permits granted that application and so now the end date for Year 4 is in March 2012 (5 March 2012 for T/46P and 28 March 2012 for VIC/P63 and VIC/P64). As a result Years 5 and 6 are also pushed out by 6 months.



We have also now received the first part of the Southern Flanks 2D seismic survey dataset and have started the review and interpretation of it. This early work has also thrown up some positive and interesting information. Some of this information will also be released as part of the abovementioned presentation. Given the amount of data we are having to deal with the results of this interpretation work will take a few months to conclude.

We will continue to provide progress reports on all of this work over the ensuing months.

Corporate

The Company has been continuing its pre-IPO capital raising at 20 cents per share. As you would all appreciate it has been a difficult time all around with markets given the situation in Europe. However, there is now a more positive note there and the Company has continued to receive a positive response to its capital raising. The Board is now focusing on the IPO raising and the appropriate Exchange to conduct that on. It is anticipating making a firm decision on that in December with a target IPO date of March 2012, subject to market conditions.

The Company's financial year is rapidly drawing to a close and we are turning our attention to completing the 2011 Annual Report and planning for the AGM in 2012. We are working towards a speedy completion of the Report and probably an earlier AGM in 2012. The popularity of the venue earlier this year was such that we will look to repeat it.

The Company thanks all shareholders for their continued support.

For any enquiries please contact:

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