

PPL 326 - Exploration Update

Newport Energy is focused on implementing an intensive exploration program to fill in the gaps in the geological and geophysical information relating to this essentially unexplored area. Newport Energy's aim is to quickly add support to its view of the potential prospectivity of the Licence Area and to develop a number of drillable prospects. This would then provide Newport Energy with the option at the next stage of either conducting drilling itself, or partnering with one or more third parties to conduct drilling, or a combination of both. This will allow Newport Energy the flexibility to proceed in the most advantageous manner for Shareholders.

With the new Management team joining the Company in March 2010 and, in particular, the appointment of Dr Mike Swift as Exploration Manager, the Company was able to commence work on pulling together existing information, in the public domain and otherwise, relevant to understanding the prospectivity of PPL 326 and de-risking that.

The Company managed to locate the seismic data acquired by the German BGR in 1981, referred to as "the 1981 Sonne data". 3,200km of processed regional offshore seismic data was uncovered and obtained. This data was believed to have been lost and had not previously been viewed by operators in PNG. Of significance in this package was a composite 450km line running from the Queensland Plateau to the southern edge of PPL 326. You may view details of this in the Company's presentation to the 11th PNG Mining and Petroleum Conference in December 2010 which is on the Company's website ("[PNG Conference Presentation](#)"). Previously the belief had been that the Mesozoic petroleum system had been cut out down to basement, but now we can see clearly the hinge points and the similarities between the Queensland Plateau and the PPL 326 region. Plate tectonic studies show the basement and younger rocks were probably part of the Laura Basin of Queensland, which has Jurassic coals onshore near Cape Melville. We now have evidence to support the proposition that the PPL 326 area was once joined to the Queensland Plateau and that it contains a wedge of Mesozoic rocks.

We have now purchased 1,297km of the Fugro-Searcher Lahara 2D seismic data acquired in 2006 and associated gravity and magnetic data as well as 714km of reprocessed vintage data. With full access to this data, which is within and outside of the tenement, we have been able to build the picture of what is in PPL 326 with the aid of modern high resolution data. This has led to the Company being able to confirm a number of its views and thinking as to what has been occurring from a geological perspective in the region as well as what formations are sitting within PPL 326.

Further, for the first time, we have had the data to enable us to start identifying and mapping the leads. This has even enabled us to lift the ranking of one of these leads to a strong lead – the Sunday Strong Lead. You may view detail of the Sunday Strong Lead and the other leads in the [PNG Conference Presentation](#). In short, current mapping of the Sunday Strong Lead suggests it is larger than the Hides field in the Highlands and may have in excess of 13 TCF gas in place and 160 million barrels of condensate in place (assuming similar geological parameters as Hides) – and that is just one of the leads.



The work we have been able to conduct on this tenement to date demonstrates it is world class and has the potentiality of being much larger than all of the Highlands fields together.

As also outlined in the [PNG Conference Presentation](#) we have identified a number of Miocene reef structures which are of a similar nature to the prolific Elk and Antelope discoveries made by InterOil.

In addition, we commenced the social mapping survey of the region to help us understand who the peoples are in the area and what activities are occurring there. This is a first for this region, where there has not been previous exploration for hydrocarbons and very limited work for other resources. The Company is acutely conscious of setting an exemplary standard in its work with minimal impact on the resident landholders in the region.

The Company has initiated a scholarship for an Honours student at the University of PNG focusing on geological work in the PPL 326 region. In addition the Company engaged the University to provide its geology students to assist us with surface geology work.

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