



# Annual General Meeting Managing Director Presentation

5 April 2011



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## 2010 – the year in review

- Starting up
- New Board and Management
- IPO
- Capital raising
- Going Forward
- Conclusion

- Incorporated NSW 23 November 2009
- Changed name from Newport Energy Australia Limited on 5 January 2010
- December 2009 Company purchased Newport Energy (PNG) Limited, which held PPL 326, for 50 million shares
- Valued at A\$82,790 on that transaction
- Seed raising of \$500,000 in December 2009/January 2010

## **New Board and Management**

- On 1 March 2010 the current Board and Management replaced the initial Board and Management
- No connections with the past
- Previous Board had commenced an IPO and appointed advisers, but not far advanced

- In March 2010 the Prospectus for an IPO of A\$10M at 25 cps was pulled together
- Prospectus lodged with ASIC on 1 April 2010
- Became apparent that ASIC had an issue with one of the founding shareholders
- Held up clearance of Prospectus
- That issue resolved and Prospectus cleared and issued on 24 June 2010

## MARKET VOLATILITY BLAMED

# Global shocks hit IPO flow

Uncertainties have stalled the capital markets, bankers say

MICHAEL BENNET  
FLOATS

AUSTRALIA is out of step with robust equity capital markets around the world, as natural disasters and foreign economic shocks continue to delay a huge pipeline of initial public offerings and secondary issues.

After ending 2010 on a high, equity capital market activity has fallen 69 per cent to \$155.3bn in the first quarter, thanks to concerns about European debt, Middle East revolts and Japan's earthquake and nuclear crisis.

The largest IPO this year has

been a paltry \$15 million. In contrast, the proceeds of IPOs, follow-ons and convertible notes reached \$151.7bn in the fourth quarter of 2010, according to Thomson Reuters data. Big deals included QR National's \$US4.3bn float, the \$3.3bn Woodside block trade and Westfield's split.

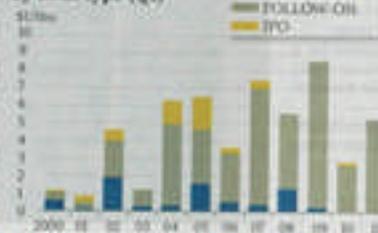
But while the start of 2011 has not matched the bumper finale of 2010, it has been stronger than the particularly quiet start to 2010, thanks largely to Origin Energy's \$2.3bn raising.

UBS co-head of equity capital markets Andrew Stevens said the key question was when a "huge" pipeline of IPOs would be released.

"In Australia, we've just got to burst the bubble on IPOs and then you'll see a lot happen," he said.

"There is almost a psychologi-

Australian ECM by issue type (Q1)



cal bubble to get over, but I think that is going to change."

Madison's Stephen Jacques partner David Friedlander agreed there were a large number of private equity exits in the pipeline, but said it was hard to tell when they would proceed — and it

might not be this year. Along with a slew of smaller renege offerings, there are many potential floats in the \$300m to \$700m range. Companies include Collins Foods and Witchery, and larger possibilities such as Nine Entertainment.

ECM league table (Q1)

Financial adviser	Proceeds \$USm	Market share	Number of deals
UBS	1057.2	20.1	6
Morgan Stanley	873.9	16.6	1
JPMorgan	628.8	11.9	4
Macquarie Group	448.6	8.4	4
Bank Merrill Lynch	406.9	7.7	3
RBS	218.2	4.1	2
Parsons Securities	169.2	3.2	17
Austock Corporate	147.8	2.8	2
Southern Cross Equities	107.2	2	2
Goldman Sachs	102.5	1.9	2

Source: Thomson Reuters

The biggest IPO so far this year was Mungrace Minerals at just \$15m, with observers blaming market volatility, valuation differences and greater exit options for the IPO drought.

This was in stark contrast to "robust" activity in Asia, the US

and Britain, said Deutsche Bank head of equity capital markets Michael Richardson.

"It's just not happening in Australia," Mr Richardson said.

Part of the problem, Mr Richardson said, was the market's "subdued" price-to-earnings ratio of 12 times forward earnings, limiting the number of private equity exits via IPOs.

The strong Australian dollar was also restricting foreign inflows, restraining the PE, he said.

"The market is not paying what they think is a fair price," he said. "That is a factor, but I think it's probably more volatility and global events that's really knocking confidence out of people."

Secondary issues have made up 99 per cent of ECM activity so far this year, with recapitalisations

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- At that point in time Australia suddenly got a new Prime Minister
- That led into an inconclusive Federal Election and market appetite disappeared
- Became clear the IPO would not achieve A\$10M
- Board withdrew the application for listing and withdrew the IPO on 30 August 2010

## Capital Raising

- A lot of costs were incurred during the IPO dealing with the issues
- Funds were not available to conduct any significant work on PPL 326 – not even the Fugro seismic data in PPL 326 could be acquired
- The Company was in a financially very weak position

## Capital Raising

- Board resolved to commence a private capital raising in October 2010 with a target raising of between A\$3-5M
- Management agreed to go to a contract basis on reduced rates, Board also agreed to reduced fees and some delayed payment
- Capital raising has so far raised over A\$2.5M

- Current capital structure as at 3 April 2011:

Issued capital as at IPO	64,600,120
Capital issued since	26,110,000
<b>Total</b>	<b>90,710,120</b>

## Capital Raising

- This capital raising has enabled us to clear bills and acquire data
- Main acquisitions have now been Fugro data –
  - 1,279 km of Lahara 2D seismic data shot in 2006 plus associated gravity and magnetic data
  - 714 km of reprocessed vintage data
- Found and acquired over 3,200 km of the processed Sonne 1981 2D regional seismic data

- Also acquired as much existing data and commentary in and around PPL 326 to continue to strengthen the story and to de-risk the tenement
- We have completed the social mapping survey in the Tenement and lodged this with the Department
- Awarded an Honours scholarship at the University of PNG

## Going Forward

- The Company needs further capital to continue the exploration work
- Need to move to the phase of acquiring our own 2D seismic onshore and offshore
- Seismic acquisition programs have been designed
- Board is working through the various capital raising options and opportunities at the moment

## Going Forward

- There has now been considerable “value add” and next raisings will be at a higher price
- Targeting A\$5M for onshore seismic program and then A\$15M for offshore seismic and possible onshore drilling
- Mike Swift will shortly take you through the developments he has achieved with PPL 326
- We have been advised by the Department, CNOOC has been granted PPLs to the immediate west and south of PPL 326

## Going Forward

- New website being launched – new look and enable better information flow
- Now have most shareholder's email addresses so can provide a better flow of information
- Continue to update details through Andrew Cooke

## Conclusion

- 2010 has been a tough period for Board and Management
- We have stuck to the task and I thank everyone for that
- Particular thanks to the support team – Mike Swift, Andrew Cooke, Grahame Clegg and Ruth Darling