



ACN 140 709 360  
Level 8  
65 York Street  
SYDNEY NSW 2000  
Australia  
Telephone: + 61 2 8215 1519  
Facsimile: + 61 2 8215 1600  
Web: [www.newportenergylimited.com](http://www.newportenergylimited.com)

## **SHAREHOLDER UPDATE**

**15 June 2011**

### **PRESENTATION TO PNG GAS DEVELOPMENTS CONFERENCE – 15 JUNE 2011**

The attached Presentation was given to the PNG Gas Developments Conference in Cairns on 15 June 2011 by our Managing Director, David Williams.



# Opening up a new Basin in PNG – PPL 326

PNG Gas Developments Conference

15 June 2011





# Disclaimer

This presentation ("**Presentation**") has been prepared by Newport Energy Limited ("**Newport**" or the "**Company**") as a summary only and does not contain all the information about the Company's assets and liabilities. This material is given in conjunction with an oral presentation and other more detailed documents and should not be taken out of context. Although the information contained herein is based upon generally available information and has been obtained from third-party sources believed to be reliable, the Company does not guarantee its accuracy, and such information may be incomplete or condensed. To the extent permitted by law, the Company and its officers, employees, agents and advisors do not accept liability to any person for any direct indirect or consequential loss or damage arising from the use of this material.

## **Not a Prospectus or any Form of Offer**

This Presentation, and any further information provided in connection with it, is neither a prospectus nor any other form of offer to invest in Newport securities. Nor should it be considered as the giving of investment advice by Newport or any of its shareholders, directors, officers, agents, employees or advisers. Nor does it purport to contain all the information that a prospective investor may require in connection with any potential investment in Newport. Any recipient of this Presentation must make their own independent assessment of Newport after making such investigations and taking such advice as may be deemed necessary. Accordingly, this information is being supplied to you, in whole or in part, for information purposes only and not for any other purpose.

## **Forward Looking Information**

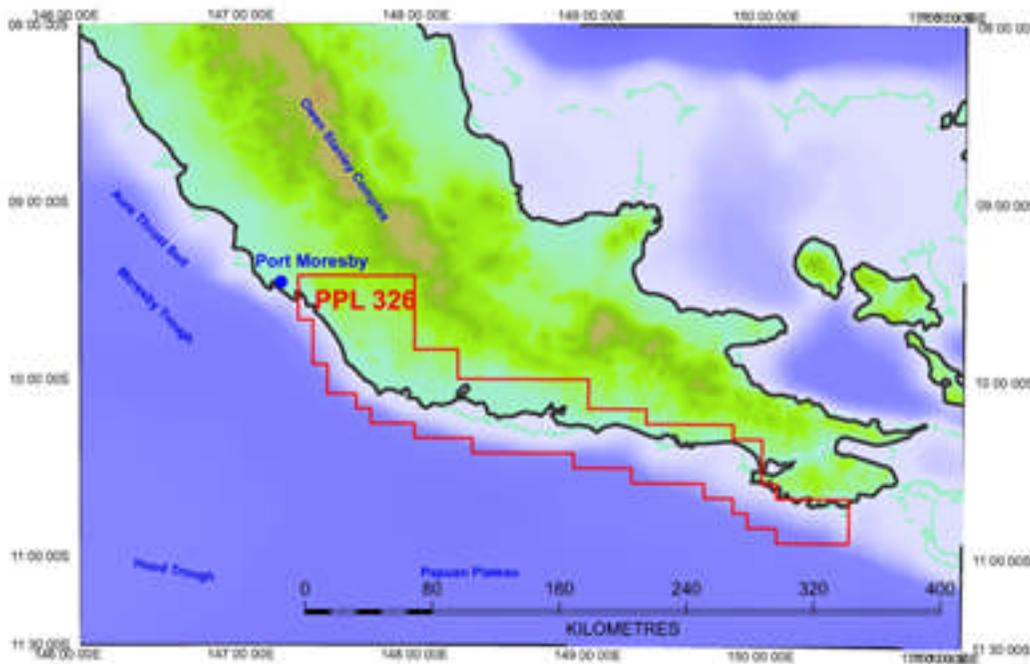
This Presentation contains forward looking and other subjective information. Such expectations, estimates, projections and information are not a guarantee of future performance and involve unknown risks and uncertainties. Actual results and developments will almost certainly differ from those expressed or implied and you should make your own assessment of the expectations, estimates, projections and the relevant assumptions and calculations upon which the opinions, estimates and projections are based. No representation or warranty, express or implied, is given as to the accuracy of the information or opinions contained in this document and no liability is accepted by the Company or director, member, officer, employee, agent or adviser for any such information or opinions.

- Overview of Company and PPL 326
- Exploration background
- Indirect and direct evidence
- Leads and plays
- Exploration path ahead
- Recent developments
- Strategy

## Company Overview

- Unlisted Australian public company
- Headquartered in Sydney
- Main focus is on PNG – PPL 326
- 100% owned PNG subsidiary holds PPL 326
- Wide spread of shareholders
- Experienced Board and Management team

## PPL 326 Overview



- Rare greenfield oil & gas opportunity
- A new PNG Basin
- 100% owned tenement (“PPL 326”)
- Covers 200 blocks & 16,752km<sup>2</sup>
- Largely in coastal & shallow offshore
- Multiple prospective plays

## PPL326 Road Access



Region very unlike the Highlands

## PPL326 Infrastructure



Region has relatively good infrastructure

## PPL326 Mountain Building



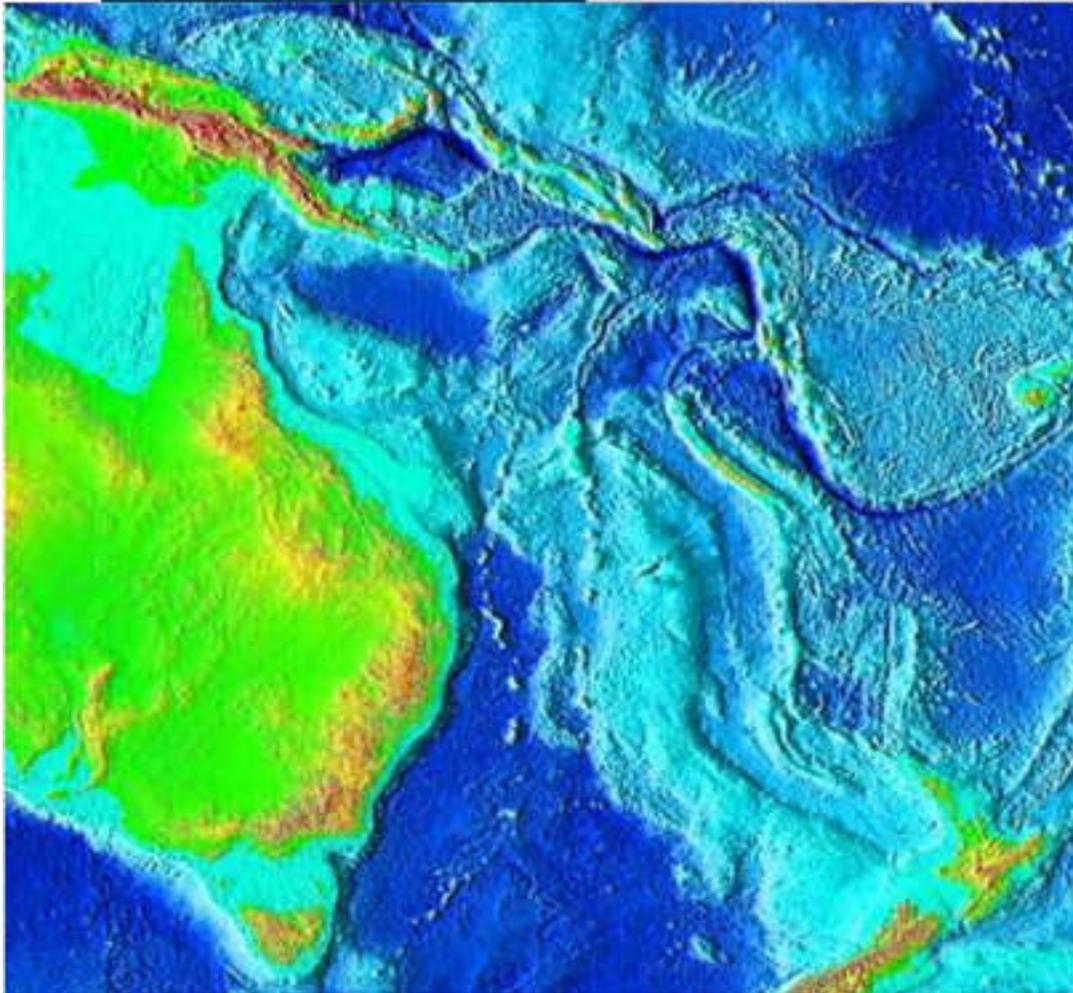
Mountain geology has deterred petroleum exploration in the past

## PPL326 Anticline Building

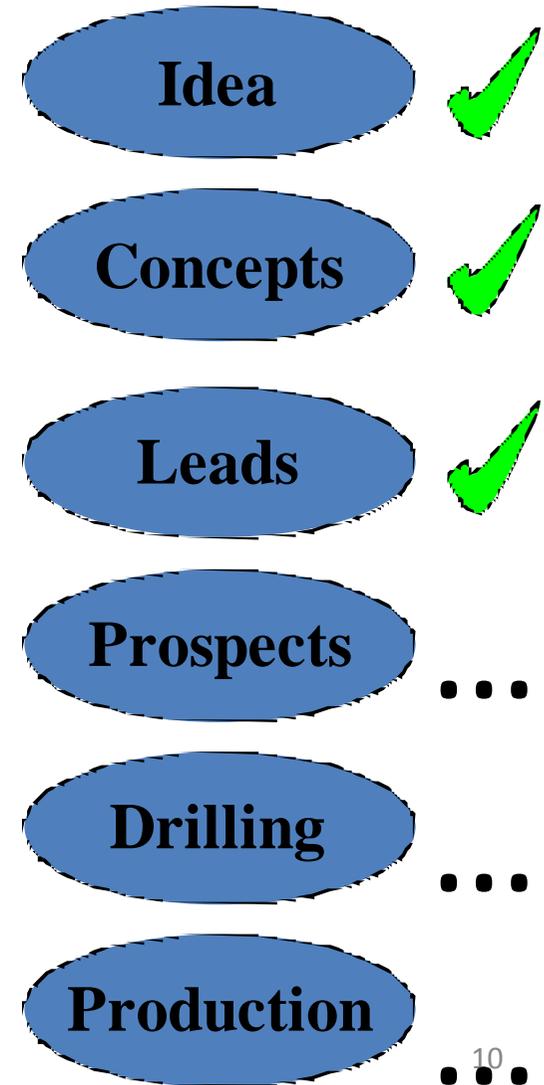


But mountain building has its up-side – anticlines!

# Exploration Strategy



Region is perhaps last un-drilled Tethyan Basin



# Tethyan Ocean

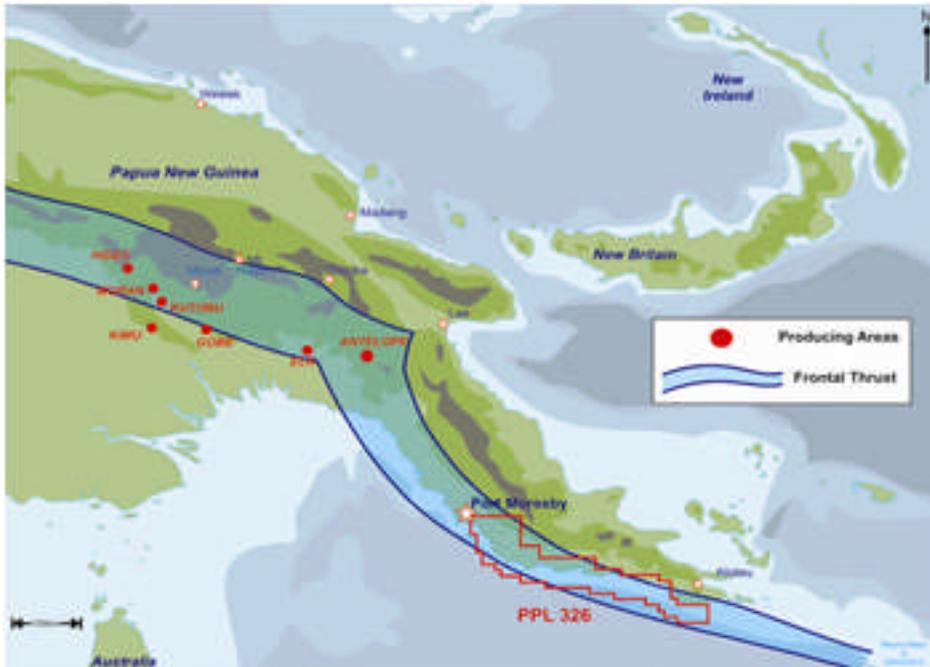


Worldwide palaeo-geography in the Triassic (prior to breakup of Pangea and Gondwanaland) showing the locations of oil and gas producing regions.

PPL 326 new Basin is well placed to have prospective fairway.

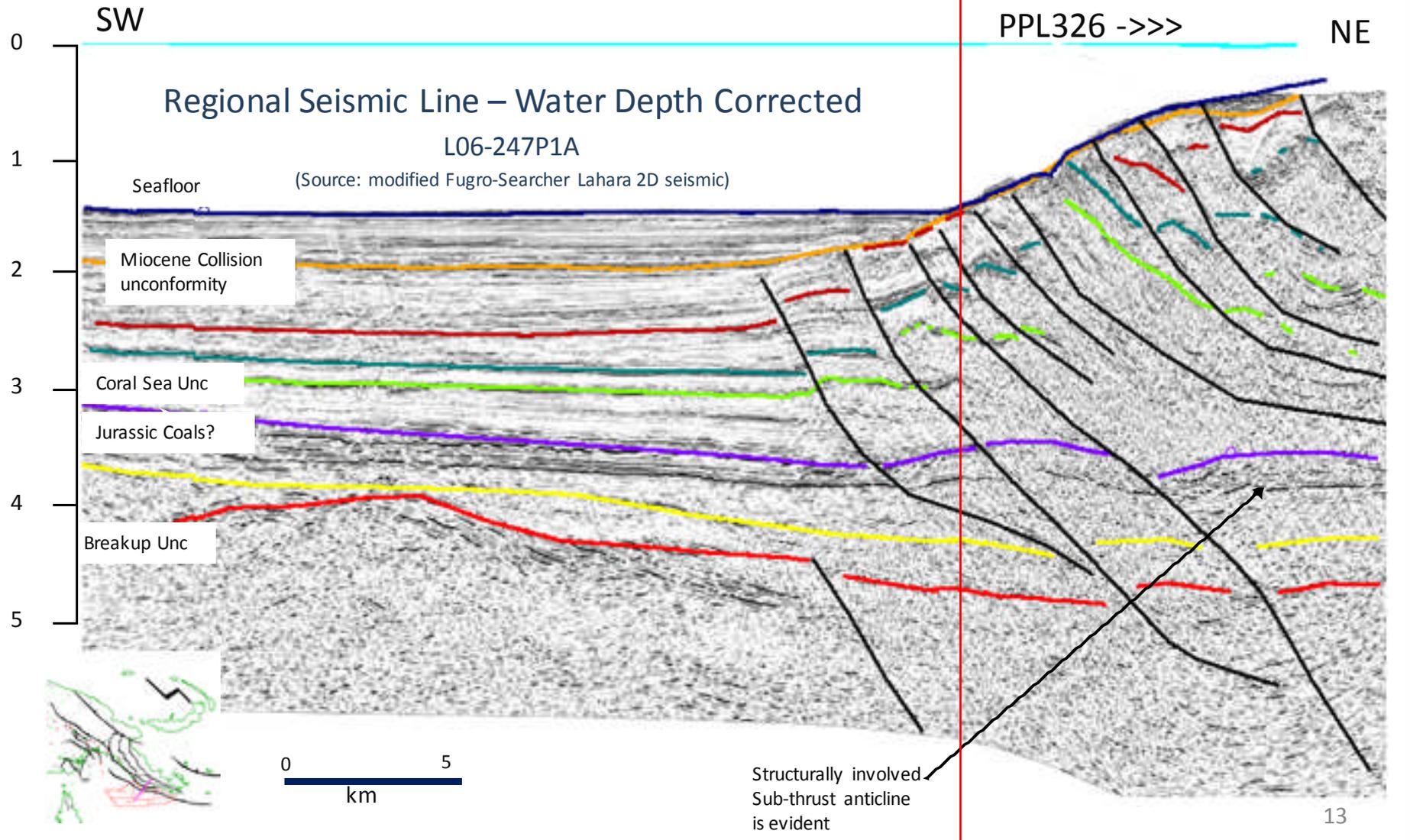
In Petroleum Exploration in Papua New Guinea: Proceeding of the First PNG Petroleum Convention, Carman G.J. and Carman Z., (Eds)

## Why PPL 326?

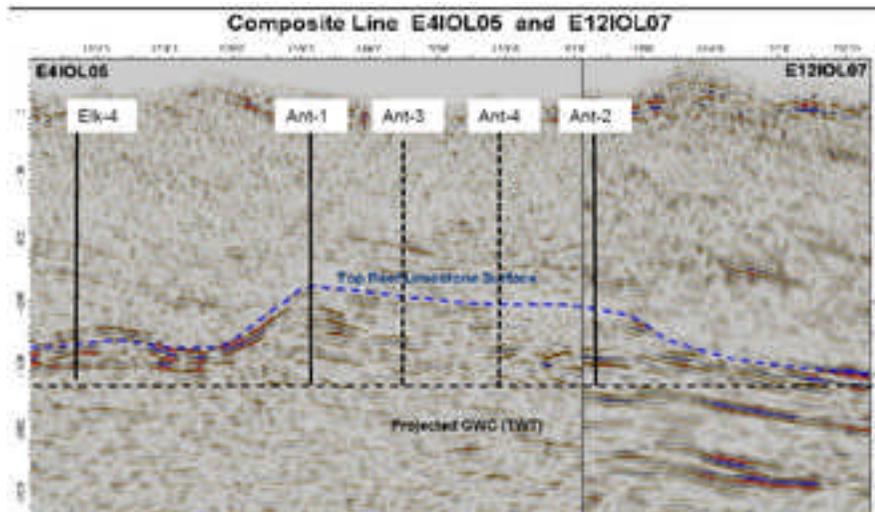


- Rifted margins similar to those in highly productive Papuan Fold Belt - over 300km of folds
- Recognition of sub-thrust sheet below surface geology
- Sheet analogous with Papuan Basin geology and tantamount to a buried highlands
- Also reef structures analogous with Elk and Antelope discoveries
- Experience shows need to be near the edge of the frontal thrust
- PPL 326 is in the right address

# Indirect evidence – buried Highlands

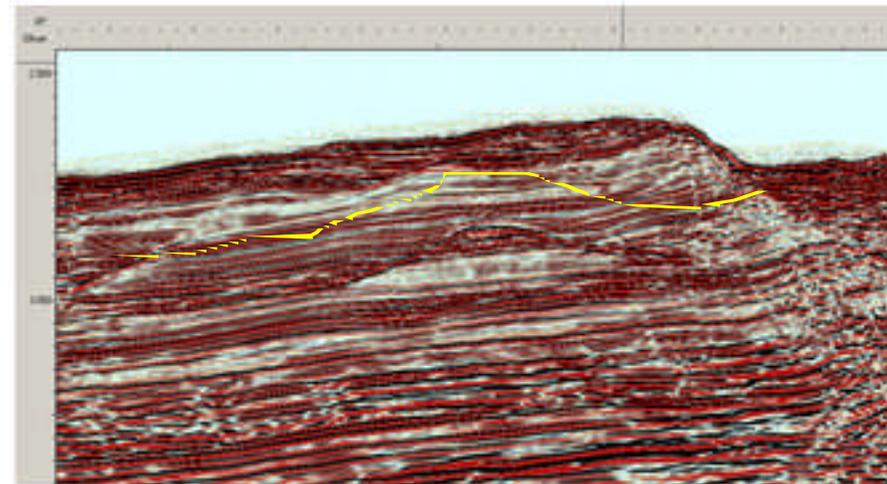
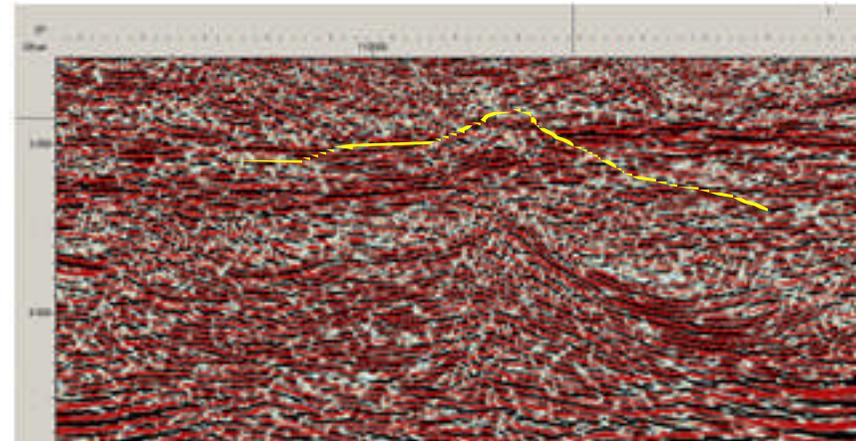


## Indirect evidence – reefs



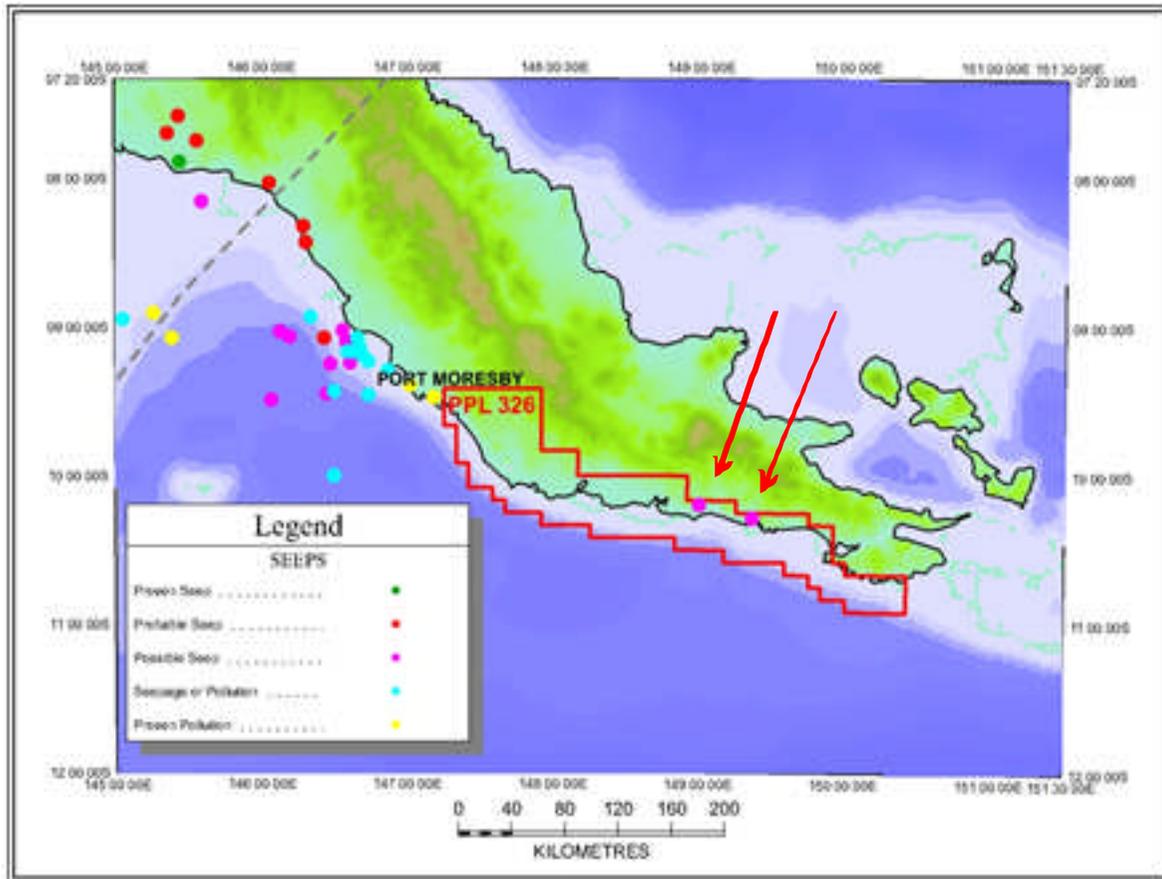
(Source: InterOil Corp.)

- The other play in PNG is Miocene Reefs.
- The seismic signature seen above on the Elk-Antelope Field (8.3TCF) is characteristic.
  - On the right are similar reef structures found within PPL 326.



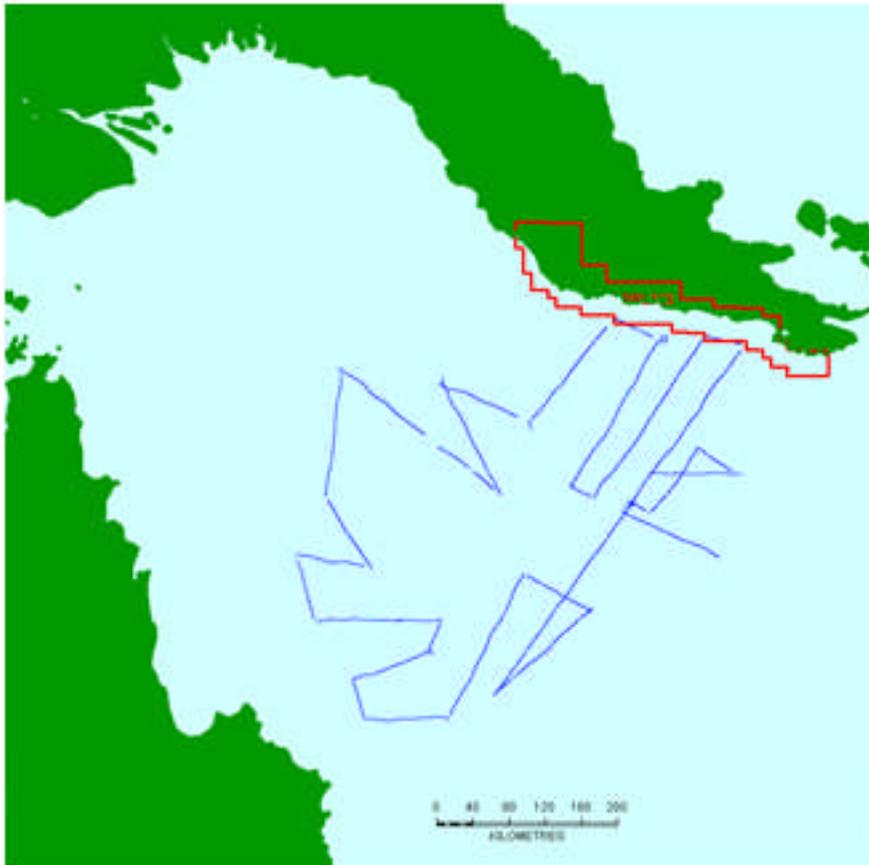
(Source: Fugro-Searcher Lahara 2D seismic)

# Direct evidence of petroleum



- Independent oil seep analysis
- Transfer fault runs through edge of shallow water in NW corner (dashed line)
- Oil seeps shown therefore are not an expression of the Papuan Basin, 100km to the NW, but an expression of the new basin which PPL 326 is in
- Indicates an active petroleum system

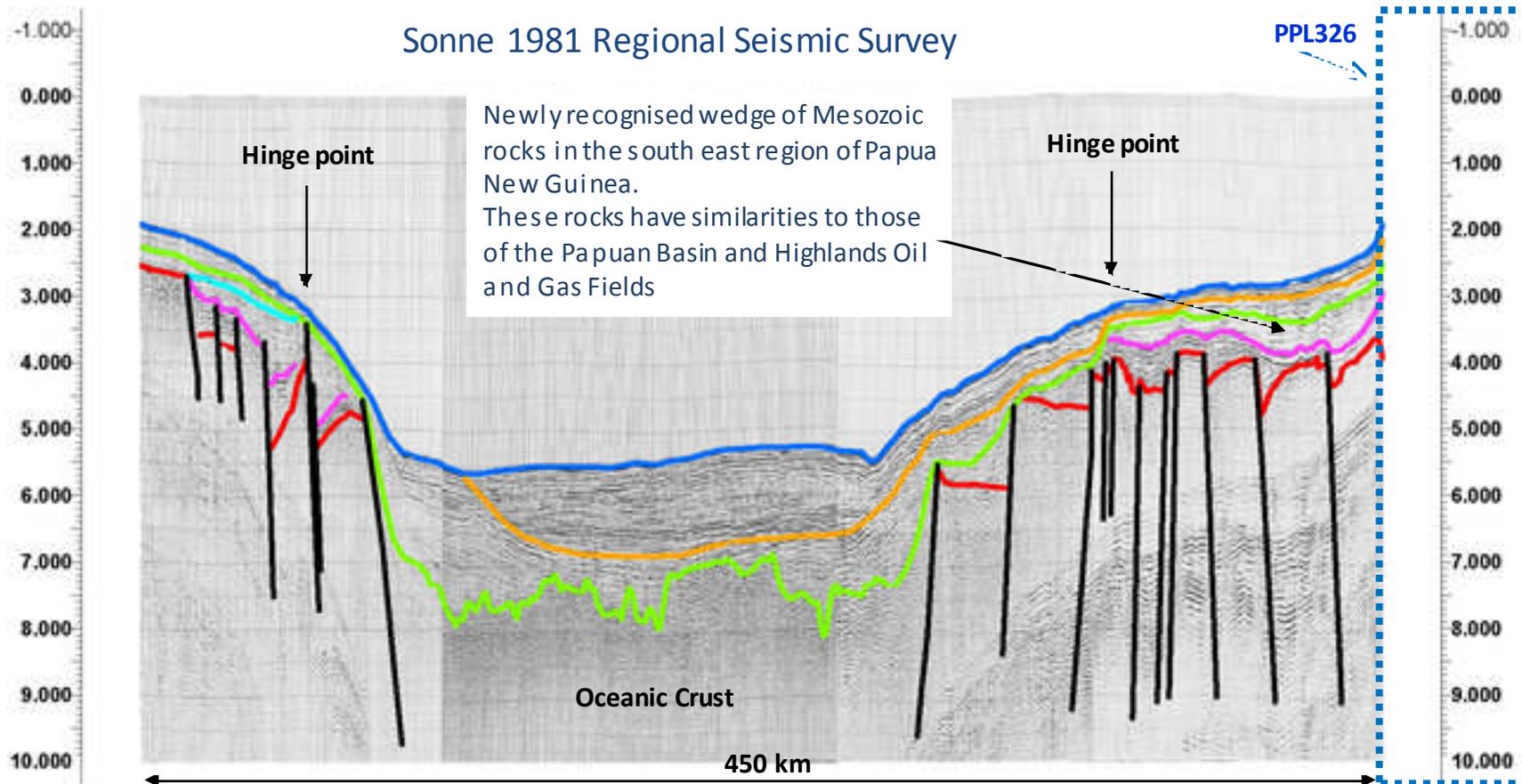
## Regional situation



- Newport has located and acquired over 3,200km of the Sonne data thought lost
- Not seen by other operators
- Includes a 450km composite line joining Queensland Basin to PPL 326 (see next slide)
- Basin architecture flowing from this confirms Newport's view on PPL 326 of a Mesozoic petroleum system in the region of PPL326.
- Will result in savings in time and cost

# Regional situation

Sonne 1981 Regional Seismic Survey



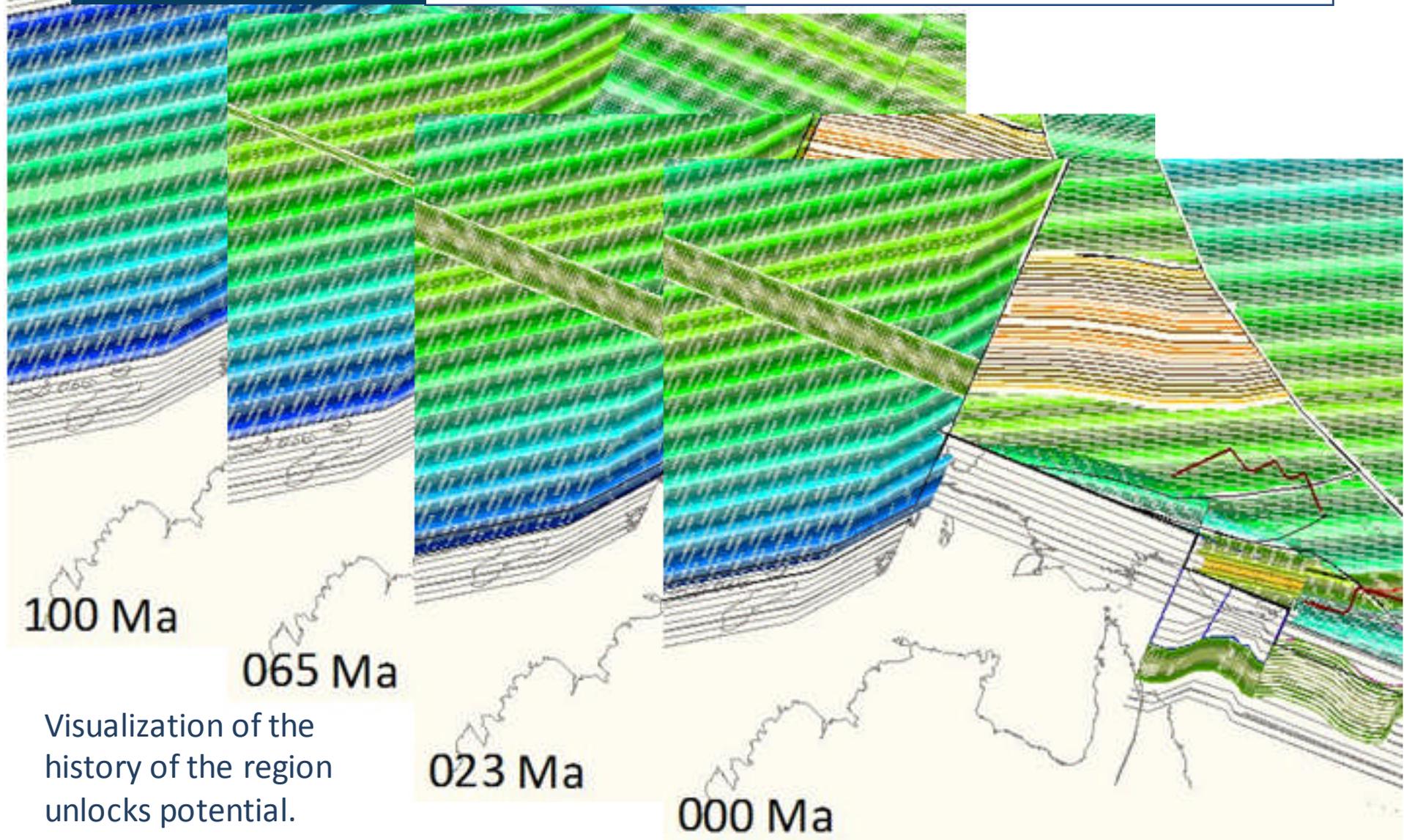
- Sea Floor
- Collision Unconformity
- Breakup Unconformity

Mesozoic  
Petroleum  
System

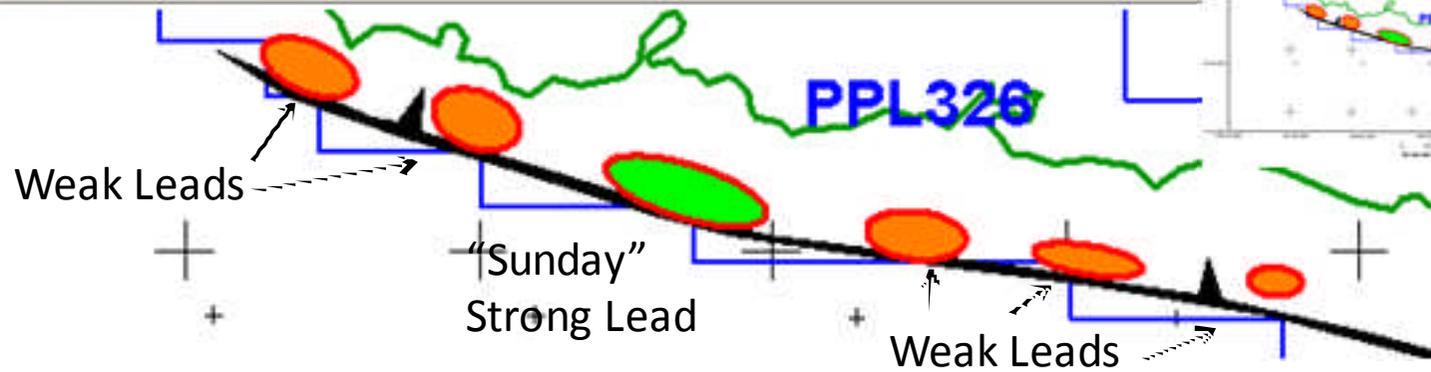
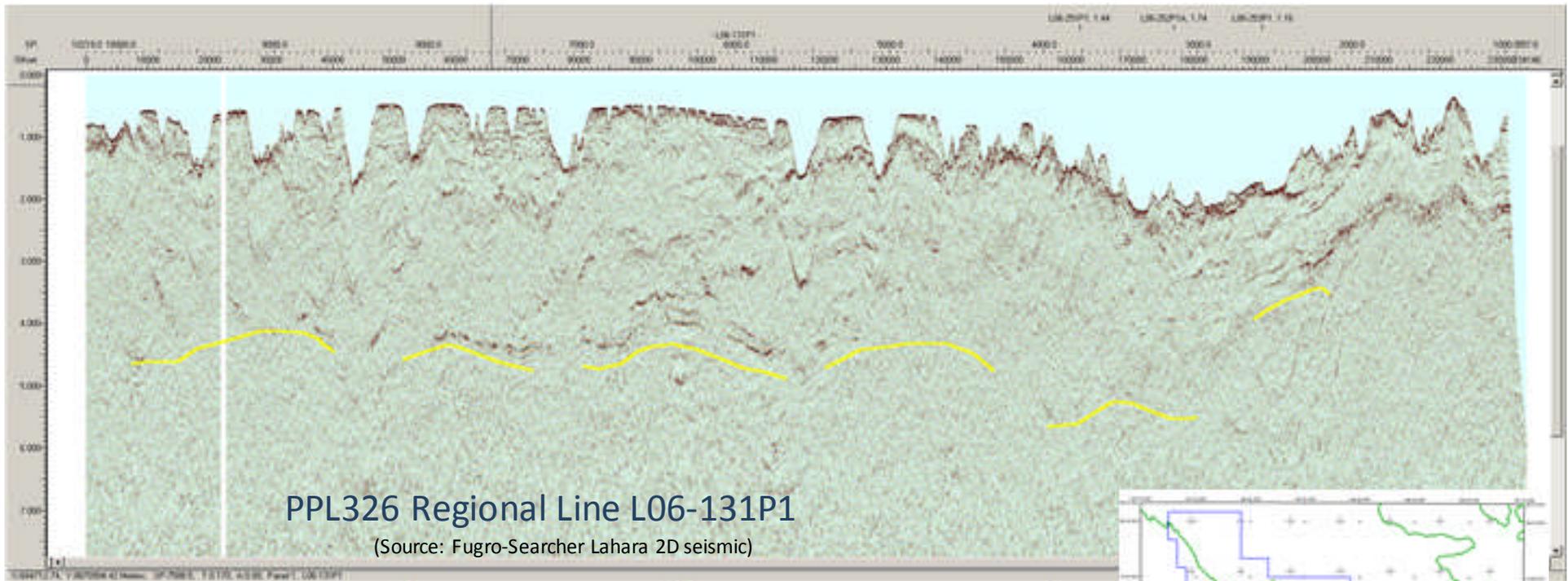
- Cretaceous
- Jurassic Coal
- Basement



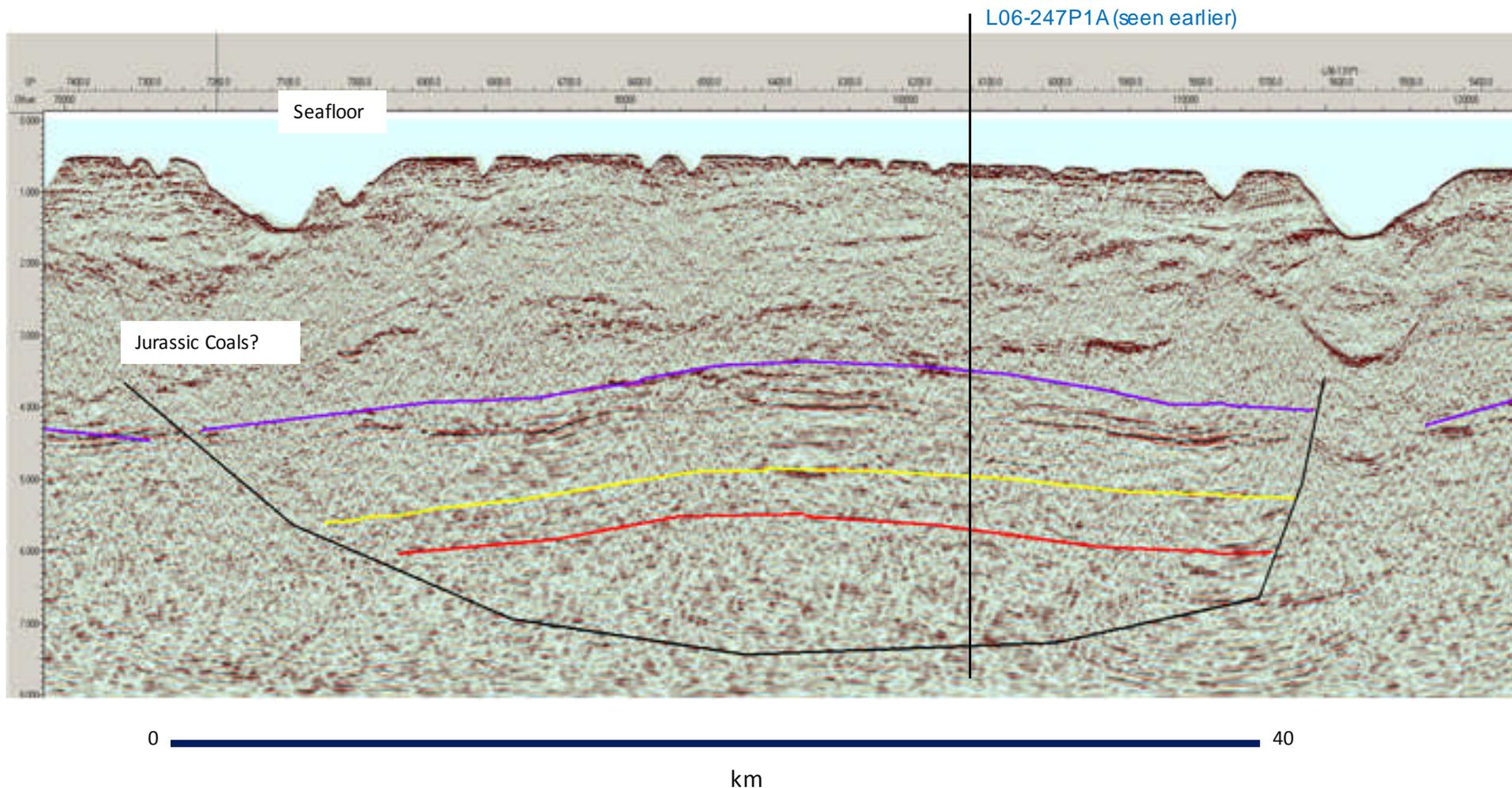
# PNG Tectonic Development



# Leads have now emerged



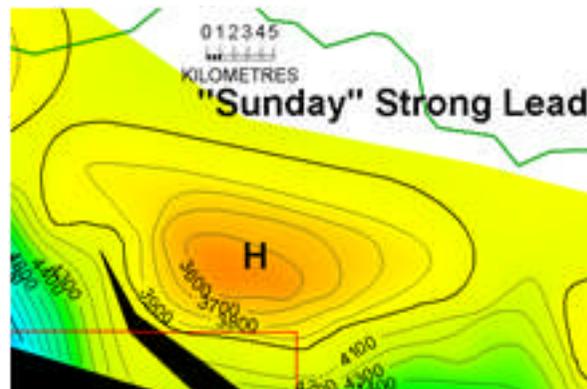
# Sunday Strong Lead



Regional Seismic Line – L06-131P1

(Source: Fugro-Searcher Lahara 2D seismic)

# Sunday Strong Lead



	Low	High
Net/Gross %	44	62
Porosity %	7	11
Sw %	15.8	19.6
Perm md	0.01	800
Recovery	75	
Toro Sst m	100	
Column m	1240	1800 Gas on rock
Anticline m	2000	35km long 5 km wide
Target Depth m	3000	
Initial Flow MMscfd	15.9	
bopd	39.6	
Pressure PSI	5600	5950
CGR stb/MMcf	36	
Condensate API	50	56

Hides data from Johnstone and Emmett 2000  
 Petroleum Geology of the Hides Gas Field...  
 Proc 4<sup>th</sup> PNG Petroleum Conf

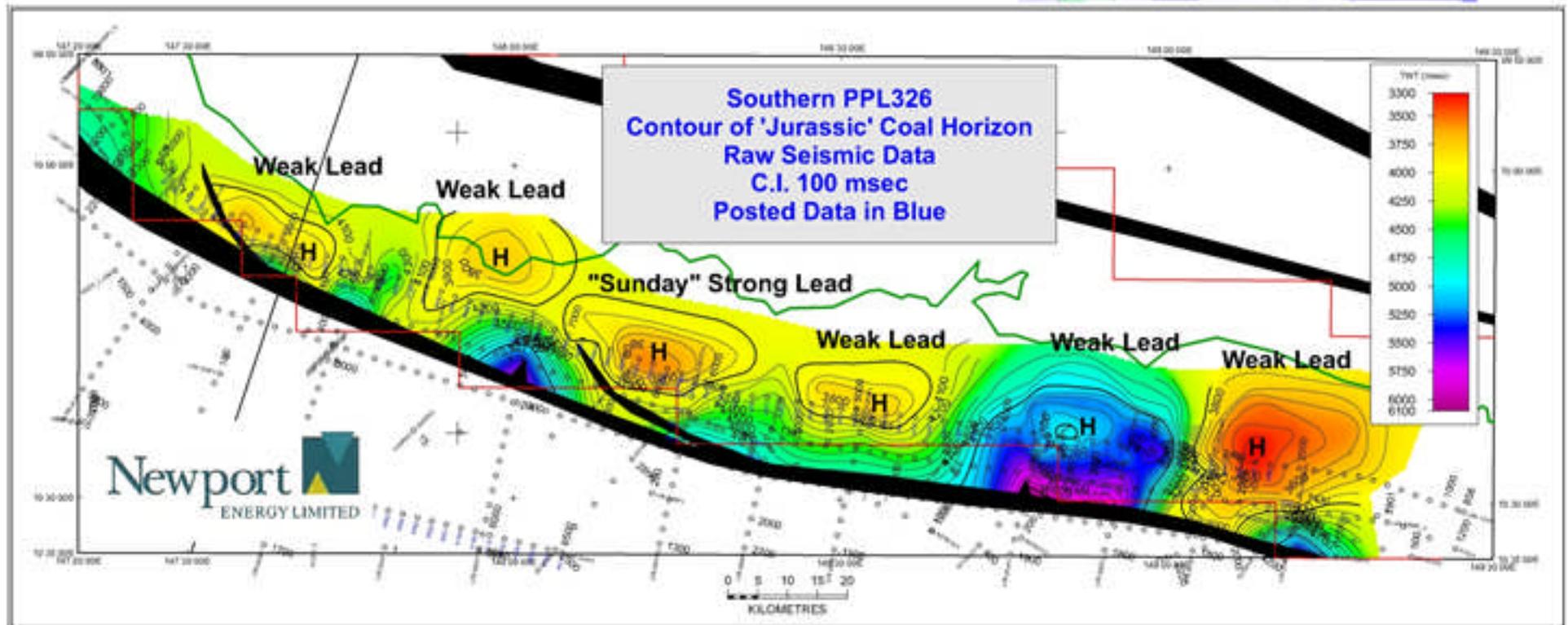
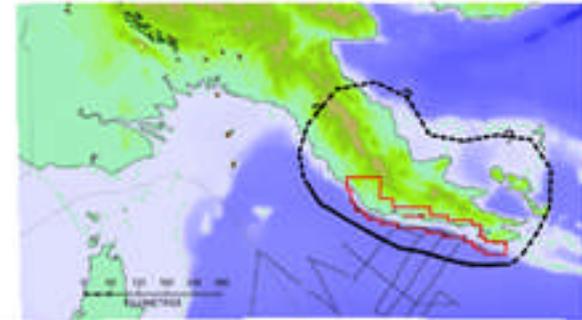
	AREA acre	AREA KM*KM	HEIGHT FEET	GEOMETRIGRV FACTOR	GRV MM m cub	net	POROSITY PHI	So	1/Bo	OIL/GAS TOTAL	OIP [MMbbls]	Recovery factor	
Hides	43209	174.99645	300	1.6001.675	0.8	12,801	0.55	0.1	0.82	1	0.03	100.87	1 100.8715 OIL MMBBLS
Hides	43209	174.99645	300	1.6001.675	0.8	12,801	0.55	0.1	0.82	0.0025	1.00	8155.44	0.7 5708.809 GAS BCF
													OIP=6.28983 * GRV * Phi * So *1/Bo [MMbbls]
													GIP=0.00353*GRV*Phi*So*1/Bo [BCF]
Sunday Lead	69135	279.99675	300	2.5602.903	0.8	20,482	0.55	0.1	0.82	1	0.03	161.40	1 161.3958 OIL MMBBLS
Sunday Lead	69135	279.99675	300	2.5602.903	0.8	20,482	0.55	0.1	0.82	0.0025	1.00	13048.82	0.7 9134.174 GAS BCF

## Field Analogy – Hides (Papuan Basin):

- The size of the Sunday Strong Lead is comparable with Hides.
- We are looking at Elephants here

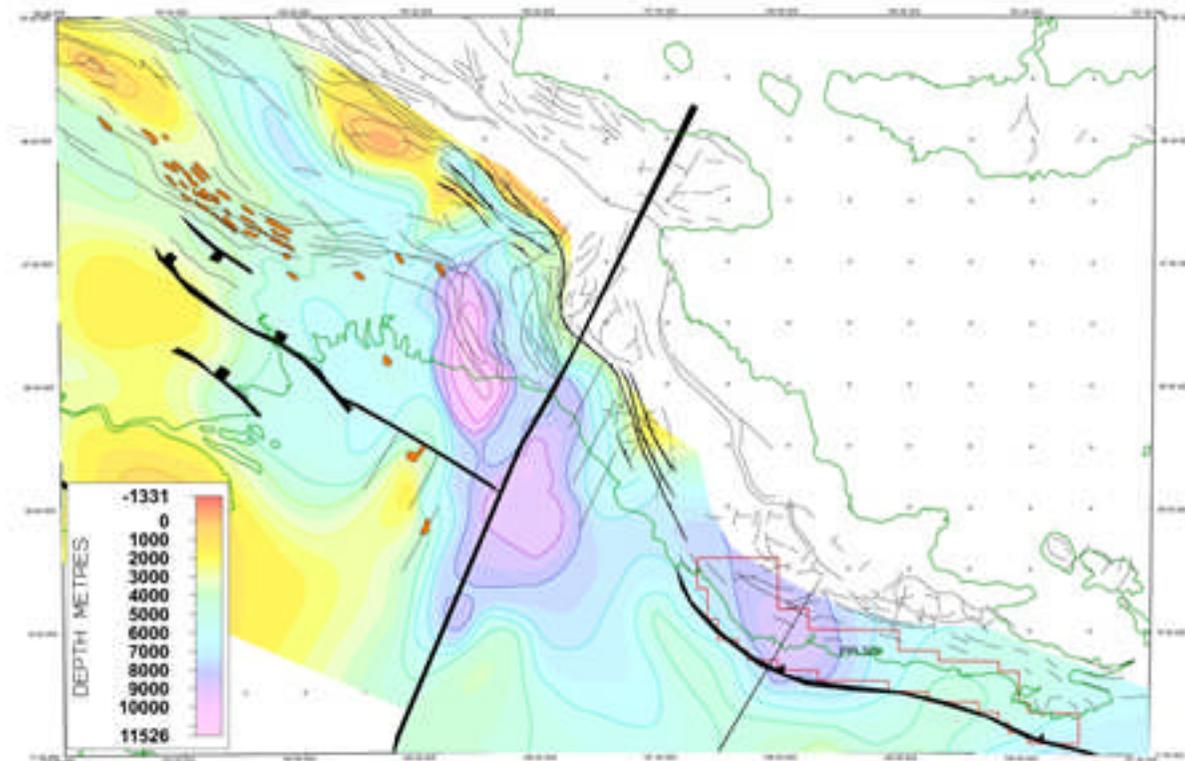
# Not one but many

Sunday is but one of many and this is from just one strike line in the Tenement

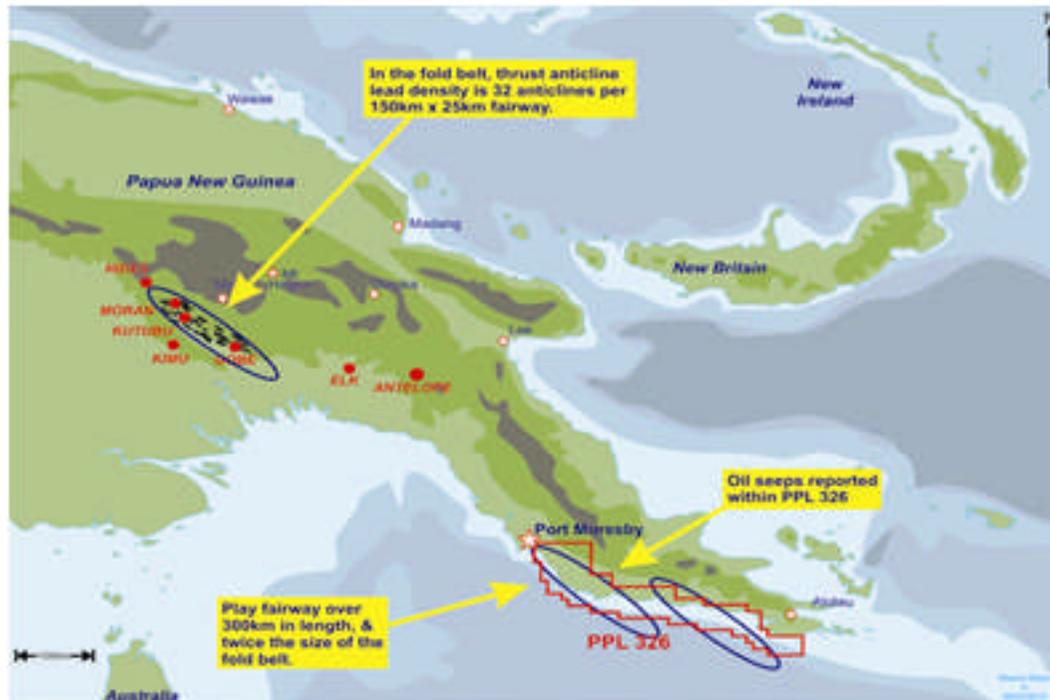


# PNG Basement Mapping

- Newport has mapped the basement of PNG for the first time
- Shows the kitchens for the Highlands and Elk/Antelope areas
- Shows the Basin where PPL 326 is located is completely separate from the Papuan Basin and confirms we have a new and distinct Basin

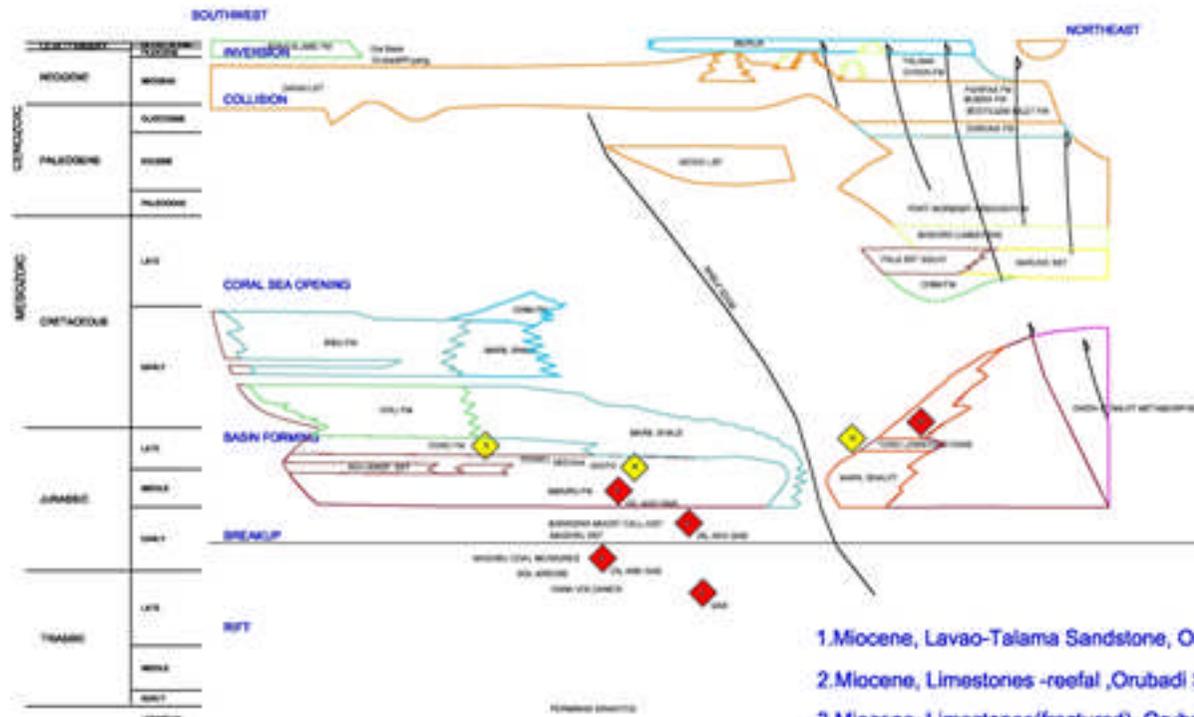


# Play Fairway Trendology



- The area covered by the highlands discoveries can fit twice in PPL 326
- Known that these structures appear throughout PPL 326
- Highlands are reported to have 30 TCF gas in place and 1.2 billion bbls oil in place
- Demonstrates PPL 326 is large and with enormous potential
- 10 play types have been identified

# Plays Identified



1. Miocene, Lavao-Talama Sandstone, Orubadi Shale, thrust anticline, as in Papuan Basin
2. Miocene, Limestones -reefal ,Orubadi Shale,reefal, as in Papuan Basin
3. Miocene, Limestones(fractured) ,Orubadi Shale, sub-thrust, as in Papuan Basin
4. Miocene Limestones(fractured), Orubadi Shale, anticline, as in Papuan Basin
5. Mid-Miocene, Chiria Formation fans, intra-formational, anticline, as in Papuan Basin.
6. Late Cretaceous, Pale Sandstone, intra-formational anticline, as in Papuan Basin
7. Early Cretaceous, Toro equivalent, intra-formational, anticline, NEW!
8. Jurassic, fluvio-lacustrine sediments, intra-formational, anticline, NEW!
9. Triassic, fluvio-lacustrine sediments, intra-formational, anticline, NEW!
10. Permian Basin, unknown, unknown, rotated fault block, NEW!

# De-risking the Permit

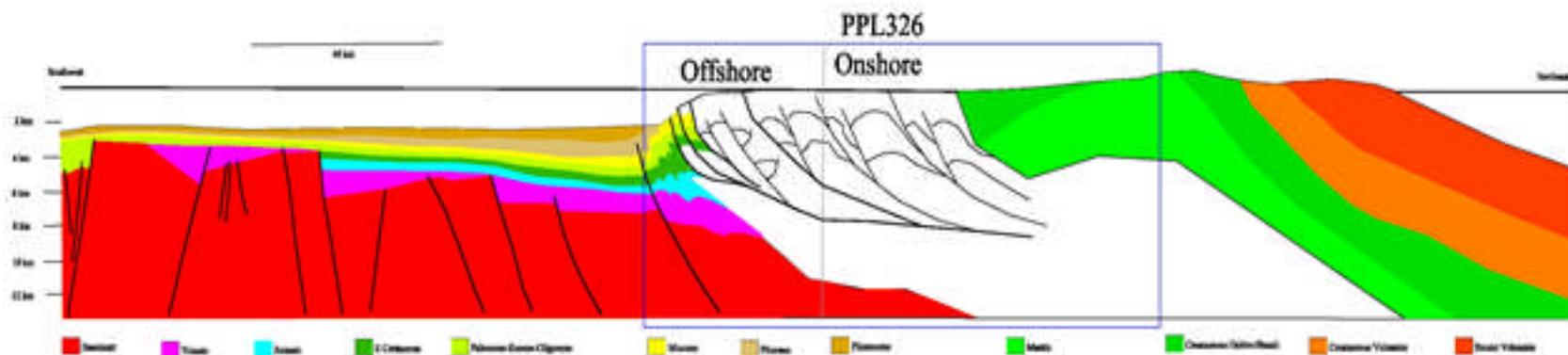
G&G to date has considerably de-risked the permit from “moose”/”whale” pasture to be one of the most exciting exploration opportunities in the region

Exploration work	Observation
Gravity	geoid anomaly established region of thick crust
Magnetics	regional grid establishes basement depth and dip
Surface Geology	indicative of over thrusting
Topography	indicative of numerous large anticlinal development
Seeps	indicates a active petroleum system
Regional Seismic	de fines basin
Semi-regional seismic	de fines exploration plays and leads
Seismic Stratigraphy	interpretation of source and reservoir units
Basin Analysis	significant petroleum "kitchen" likely
Geological reconstruction	point to region being a Tethyan type basin
Basin Affinities	Papuan Highlands and Northwest Shelf Australian basins
Plays, Leads and Prospects	10 play types identified, many leads now identified

# The path ahead

## Just completed

- Accessed further existing data and refined mapping
- PNG Basement map prepared
- Social mapping survey completed and lodged
- Entry notices for onshore seismic acquisition issued
- Awarded scholarship to Honours student at University of PNG



## 2011 Program

- Independent geologist update report (out this week)
- Acquire offshore 2D seismic
- Turn Sunday strong lead into a prospect
- Acquire onshore 2D seismic if possible
- Investigate the reported oil seeps including new ones
- Conduct surface geology investigation of Mt Binge
- Technical paper published

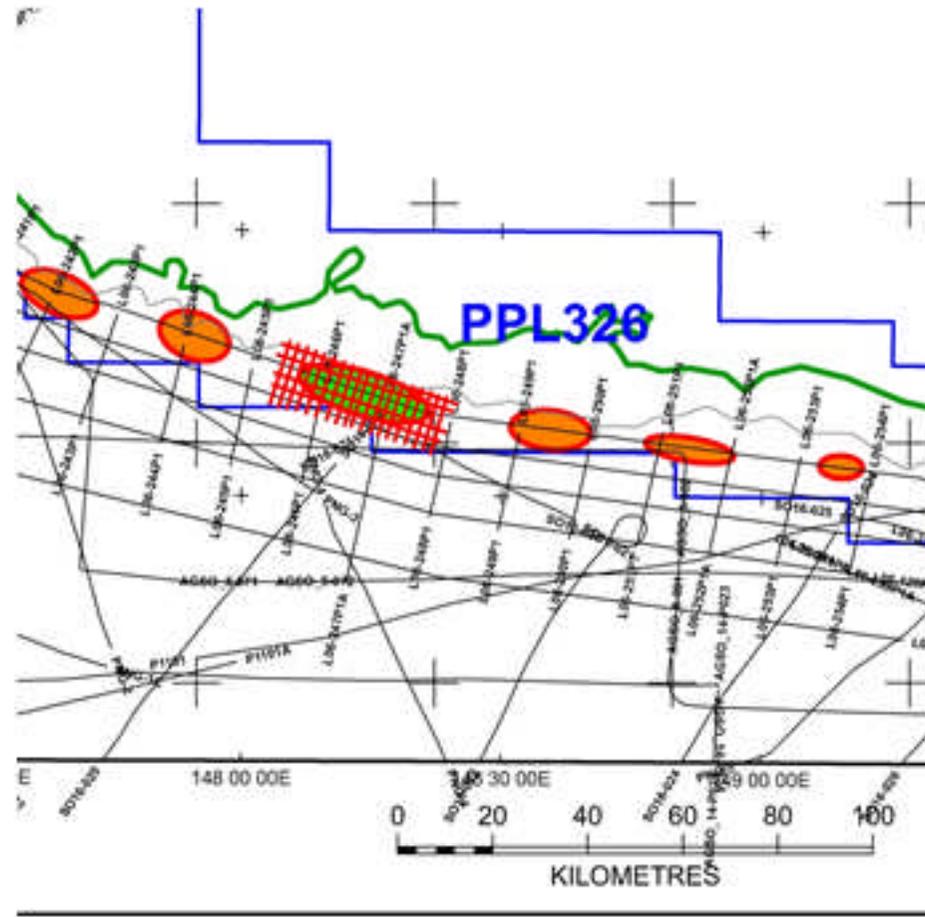
## The path ahead

### 2012 Program

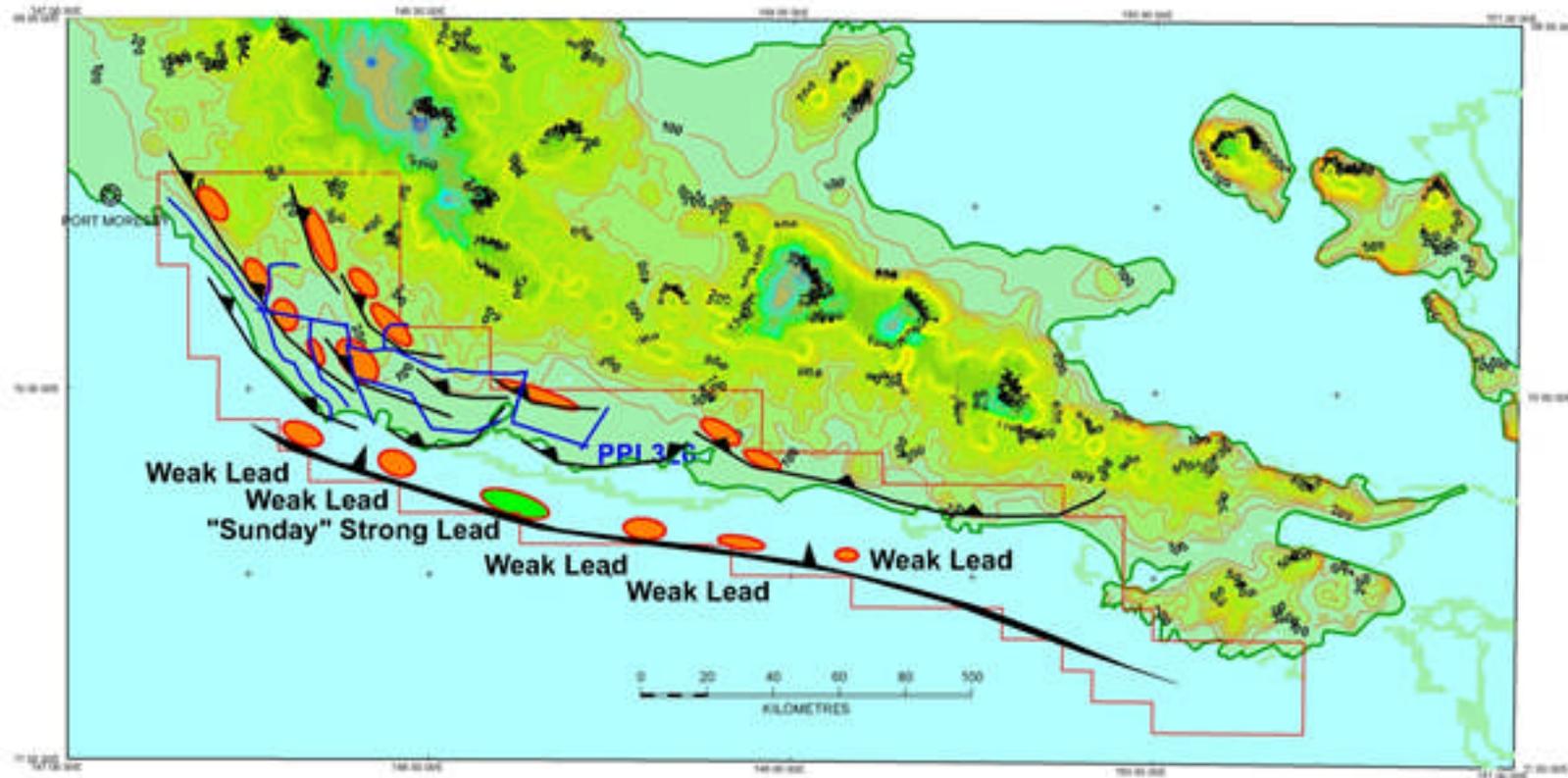
- Acquire onshore seismic, if not done in 2011
- Acquire further offshore 2D seismic
- Drill a shallow onshore well
- Commence farm-out negotiations to drill offshore prospects

## The path ahead

- Offshore 2D seismic acquisition in July/August
- 400km program defined to map Sunday strong lead
- Will turn that into a drillable prospect
- Potential to extend to 1,000km – leads to the east are shallower

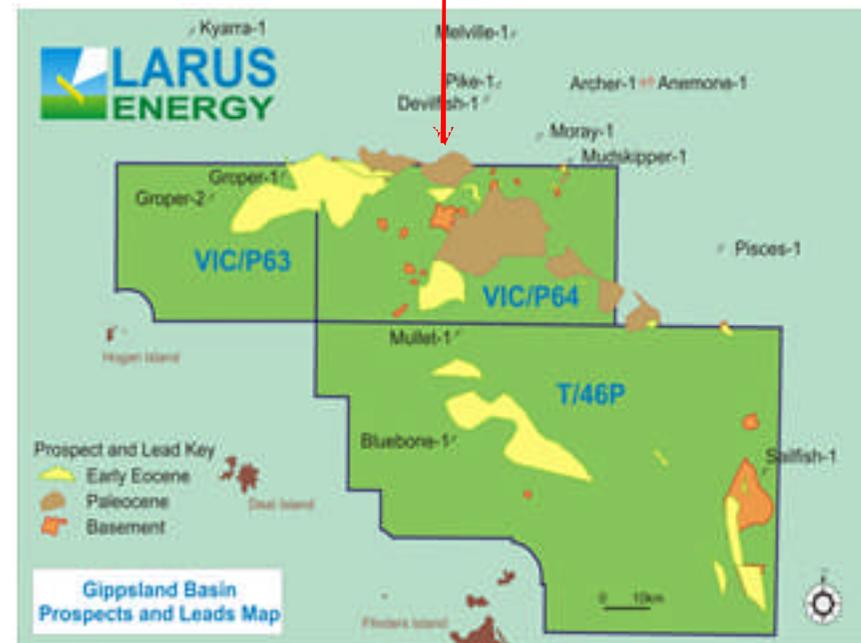
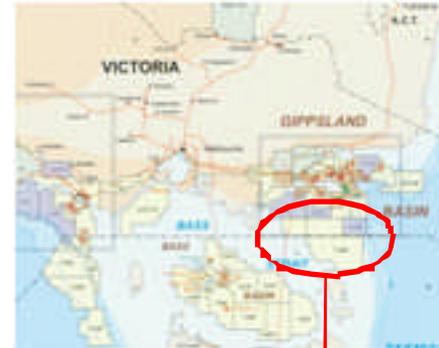


# The path ahead



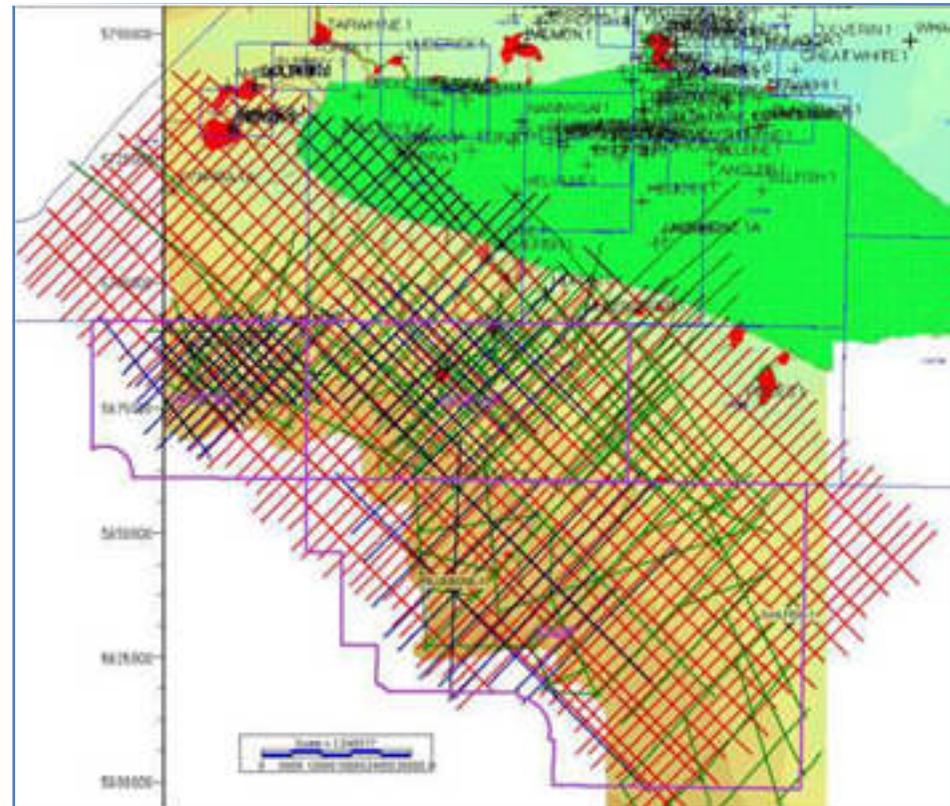
- Proposed onshore seismic – blue lines – 500km - vibe
- Targeting surface defined leads, using existing roads
- Coastal terrain and people – sparsely populated, but very supportive

- On 14 June 2011 shareholders of Newport Energy approved the acquisition of Laurus Energy and to change its name to Laurus Energy Limited.
- Have acquired 100% interest in 3 tenements in southern edge of offshore Gippsland Basin in Australia
- Covers approximately 8,300 sq km



## Recent Development

- Will have access to 9,500km of 2D seismic acquired in 2010
- Also 4,000km of reprocessed vintage 2D seismic and associated interpretation
- Will have access to regional work being undertaken by Victorian Department



- Gain a knowledge of the prospectivity of all of PPL 326 as quickly as possible prior to end of first term of 6 years – 50% of area to be relinquished on renewal
- IPO around October 2011
- Onshore and further offshore seismic acquisition and onshore drilling in PPL 326
- Late 2012 commence farm-out negotiations on PPL 326
- Addition of Larus Energy assets and further assets will provide a more diversified risk portfolio and larger scale, will continue to add to those assets
- Main focus remains – PPL 326 and PNG

## Summary

- Our primary focus is on PPL 326 and moving it to development
- We believe PPL 326 represents a new basin with enormous potential
- PPL 326 represents the same if not greater opportunity as with the Highlands, but is in a logistically better location
- There are a number of other play types available in PPL 326 to pursue at the same time
- The early work of the Company has significantly de-risked PPL 326
- Addition of Australian assets provides increased scale and spread of risk and ability to raise greater capital for larger exploration program

David Williams  
Newport Energy  
Managing Director  
Level 8  
65 York Street  
Sydney NSW 2000

T: +612 8215 1519  
E: david.williams@  
newportenergylimited.com

[www.newportenergylimited.com](http://www.newportenergylimited.com)

