

30 December 2009

## WESTSIDE ANNOUNCES PROPOSED ACQUISITION OF MOURA COAL SEAM GAS ASSETS

### Highlights:

- **WestSide proposal to acquire up to 100% interest in producing Dawson Seamgas coal seam gas fields and up to 50% of the adjoining exploration tenements**
- **Potential to transform WestSide from an explorer to the second largest ASX listed dedicated coal seam gas producer in Queensland**
- **Gas reserves of up to 62 PJ (1P), 212 PJ (2P) and 514 PJ (3P) to be acquired**
- **Opportunity for significant value creation through facilitating the development of WestSide's adjacent Paranui coal seam gas project**

WestSide Corporation Limited ("WestSide"; ASX code WCL) today announced that it has entered a conditional agreement to acquire Anglo American's ("Anglo") stake in the Dawson Seamgas coal seam gas ("CSG") assets, and potentially, Mitsui Moura Investment Pty Ltd's ("Mitsui") interest in those assets. The proposed acquisition would result in WestSide acquiring a stake of up to 100% in the producing Dawson Seamgas CSG fields (PL 94 and ML gas rights) and up to 50% in two adjoining tenements (ATP 602P and ATP 564P/ PL94 North sublease). The ultimate interests acquired will be determined following resolution of pre-emptive and other rights of participation held by the existing joint venture partners.

The producing Dawson Seamgas fields comprise a range of CSG assets including a petroleum lease, gas rights in mining leases and gas pipeline infrastructure connecting to the main Queensland commercial network. These fields currently produce approximately 12 Terajoules of gas per day. The producing Dawson Seamgas field is currently owned by joint venture partners Anglo (51%) and Mitsui (49%). The adjoining CSG exploration tenements, ATP 602P and ATP 564P, including a sub-leased portion of PL94, are owned via two separate joint venture agreements, each comprising Anglo (25.5%), Mitsui (24.5%) and Molopo Australia Limited (50%).

The assets are located near Moura in central Queensland's Bowen Basin and are adjacent to WestSide's existing Paranui CSG project (ATP 769P). The assets are well positioned geographically, being the closest producing tenements to Gladstone and being adjacent to the planned pipeline route for the Surat to Gladstone gas pipeline.

The transaction presents WestSide a significant opportunity for further value creation through consolidation with the adjoining WestSide tenement. The Dawson Seamgas pipeline infrastructure has spare capacity to accommodate gas from both the Dawson Seamgas fields and from WestSide's adjacent and highly prospective Paranui field (ATP 769P). Located adjacent to the Dawson Seamgas field, WestSide's existing Paranui CSG project (ATP 769P) booked initial gas reserves of 135 PJ (3P) in June 2009 and an aggressive campaign is now underway to upgrade these reserves as a precursor to a Petroleum Lease.

If successful, this transaction is expected to transform WestSide into the second largest ASX listed dedicated CSG producer in Queensland. Commenting on the proposal, Angus Karoll, WestSide Chairman and CEO said:

“The proposed investment has the potential to transform WestSide from an explorer only business to a significant CSG producer, with sales contracts in place and a portfolio of exploration projects in various stages of development. Furthermore, access to Dawson Seamgas’ existing infrastructure has the potential to provide an accelerated route to market for our existing Paranui CSG project, reducing the need for construction of capital-intensive export compression and pipeline facilities.

“This transaction fits logically with our existing strategy of commercialising known gas assets, identifying and proving up new reserves and seeking new CSG opportunities.”

WestSide proposes to invest in the field to increase current production rates to meet the AGL contract rate. WestSide also believe there are significant resources yet to be certified which have the potential to increase the 2P and 3P reserves and also to convert 3P into 2P. Co-development agreements with the coal mining lease holders (Anglo and Mitsui) will enable WestSide to extract and sell CSG from within the mining and petroleum areas. If coal mining activities impact on WestSide’s gas activities compensation is payable to WestSide.

### **Mitsui participation rights**

Mitsui has the right to sell its interests to WestSide on proportionately the same terms as agreed with Anglo. If Mitsui were to exercise this option, WestSide could ultimately hold a maximum 100% interest in the Dawson Seamgas field and a maximum of 50% in each of ATP 564P and ATP 602P.

### **Pre-emptive rights**

Mitsui holds rights of pre-emption over the Anglo interest in both the producing Dawson Seamgas field (PL 94 / ML’s) and the adjoining exploration tenements (ATP 602P and ATP 564P). Molopo hold rights of pre-emption over each of the Anglo and Mitsui interests in the adjoining exploration tenements and the PL 94 North sublease. The resolution of all the various pre-emptive rights is expected to take up to 90 days.

WestSide is not obliged to complete the acquisition of the exploration tenements and sublease if it is prevented from acquiring the Dawson Seamgas field as a result of the pre-emptive rights being exercised.

### **Investment**

WestSide’s total acquisition cost is expected to be between \$55 million and \$80 million, depending on the ultimate ownership interest acquired, with a proportional reduction of WestSide’s investment if WestSide seeks to work with a joint venture partner.

## **Financing**

The transaction is subject to obtaining the necessary financing, which will be finalised once there is further certainty over the size of the ultimate interests to be acquired.

WestSide intends to provide existing shareholders the opportunity to participate by way of a pro-rata share issue. More details will be provided once there is further certainty over ultimate interests to be acquired.

Further clarity around the transaction size, structure and WestSide's financial commitment will be provided following resolution of the various pre-emptive rights. The resolution of all the various pre-emptive rights may take up to 90 days.

## **Conditionality**

Material conditions precedent:

- Resolution of the various pre-emption and participation rights;
- Indicative approval under relevant legislation and regulations of the transfer of the interests in the leases, tenements and pipeline licences to the new owners;
- Assignment of gas sales agreements to WestSide;
- Finance being obtained to the satisfaction of the WestSide Board; and
- Approval from the Foreign Investment Review Board, if required.

WestSide has appointed PricewaterhouseCoopers Securities Limited as its financial adviser and Allens Arthur Robinson as its legal adviser. Anglo has appointed UBS as its financial adviser and Minter Ellison as its legal adviser.

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Table 1:

|   | Interests to be acquired   |   |   |
|---|--|---|---|
|   | Producing Dawson<br>Seamgas field  | Adjoining<br>Exploration Tenements  |   |
|   | PL 94 / ML gas rights  | ATP 564   | ATP 602   |
| Percentage to be acquired*              | 51% - 100%   | 25.5% - 50.0%   | 25.5% - 50.0%                                     |
| Current production rate<br>(full field) | 12 TJ/day  | -   | -   |
| Assets included                         | PL94 and ML gas fields<br><br>Two pipelines :<br>- 67 km<br>- PPLs 61 and 26<br><br>12 compressors | Includes PL94 sub-lease,<br>PLA210 and PLA296 :<br>Harcourt, Bindaree and<br>Oak Park appraisal wells | Includes Timmy<br>exploration area                |
| Current ownership                       | Anglo 51%<br><br>Mitsui 49%  | Anglo 25.5%<br><br>Mitsui 24.5%<br><br>Molopo 50%   | Anglo 25.5%<br><br>Mitsui 24.5%<br><br>Molopo 50% |

\* If Mitsui exercises its pre-emptive rights in respect of PL 94 / ML's, the transaction will not proceed and WestSide may receive a break fee of \$500,000.

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## About WestSide Corporation Ltd

WestSide Corporation Limited is an Australian Securities Exchange-listed company (ASX code: WCL) with interests in coal seam gas (CSG) projects in Queensland and Indonesia.

WestSide is currently operating an exploration and appraisal program at the ATP 769P (Paranui) and ATP 688P (Tilbrook, Mount Saint Martin and Bald Hill) sites in Queensland's Bowen Basin. WestSide holds a 50% interest in each area with QGC holding the other 50% in each case.

WestSide will also target CSG at the two pending exploration tenements, ATP 974P and ATP 978P, which cover a combined area of 14,480 km<sup>2</sup> in the north-western part of the Galilee Basin. These tenements will be 100% controlled by WestSide once the acquisition is completed.

## Reserves estimates

*The certified Paranui reserves figures used in this report are based on information compiled by John P. Seidle, Ph.D., P.E., Vice President of MHA Petroleum Consultants LLC. Mr Seidle is not an employee of WestSide Corporation Ltd and consents to the inclusion in this report of these reserves figures in the form and context in which they appear.*

*The reserves estimates appearing in this statement (excluding the Paranui reserves estimates) were compiled by Mr Bruce Gunn, an employee of Resource Investment Strategy Consultants P/L (RISC), from information provided by Anglo to WestSide. RISC is independent with respect to Westside. RISC has no pecuniary interest, other than to the extent of the professional fees receivable for the preparation of its report, or other interest in the assets evaluated, that could reasonably be regarded as affecting its ability to give an unbiased view of these assets. Mr Gunn, who is a practising petroleum engineer with over 25 years experience, has consented to the inclusion of the reserve information in the form and context in which it appears in this announcement.*

# ASX / MEDIA RELEASE

Map of Dawson Seamgas assets and exploration tenements

