

CEO Newsletter

30 June 2017



Dear Shareholders,

Yesterday we provided an ASX update on our Phoenix project. Like many of you I wanted to see a successful Dorado well this year to help lift our share price, which as you know remains stubbornly low.

What has changed is that Dorado has been deferred until mid 2018. In my view Dorado is one of the most exciting prospects on the NWS, that hasn't changed, only the timing to test it has.

Yesterday we also advised that we plan to drill the Phoenix South-3 well early in the new year. This is also a great prospect and even better that we expect to have it funded through insurance proceeds from the Phoenix South-2 well.

Phoenix South-3 will twin the Phoenix South-2 discovery. We know we have gas and condensate in this structure and we know it flows. So, this will be a fantastic low risk well that we'll be drilling to work out how much gas is present.

If Phoenix South-3 works like we expect it too then we're in a fantastic position with the gas and condensate here combining with what we've already uncovered at Roc. Combining these resources off the coast from WA's major iron ore mining operations is a very exciting value proposition for us as shareholders.

We're also working on how we progress the Roc resource. The Roc-2 well if you recall produced a very successful flow test in 2016. Behind the scenes we working on both the technical and economic feasibility of this resource and we'll have more on this in the coming months.

There is a great deal going on in the Company right now and we remain one of the most active junior exploration companies on the ASX. While we'd have liked at least one more well drilled this year, there were sensible reasons to consolidate them into an active 2018 program.

As you know Quadrant Energy is our partner in the Phoenix and Outtrim projects. Check out this link for an overview of their business including footage of our Roc-2 flow test on the Ocean Monarch drill rig.

<https://www.youtube.com/watch?v=JzDAZqey51A>

We think they have a great business, particularly so for our Phoenix project production aspirations. For our shareholders, it'll also be worth watching for their IPO this year as I think it'll reflect positively on our business.

As outlined in our last Quarterly Report, we will make these more concise and provide more detail in our project updates. Since the March 2017 Quarterly Report we have provided updates on our Phoenix, Cerberus, Buffalo and Labyrinth projects. And we'll have more in the coming months as work progresses.

A well this year that could positively impact us is the Woodside operated Swell-1 well. It commences soon and is right beside our Outtrim project. More on this soon!

You would have seen from our May / June 2017 presentation that I was in Singapore and Hong Kong presenting to institutional investors. We'll continue to promote the business even in these tough times because when sector conditions improve, we want to have done the hard work and be one of their top investment choices.

As a business, you can see that we have remained focused and patient through the cycle. We have held our nerve, remained active and we think we are well placed for when things improve and our partners look for new growth opportunities.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Adrian Cook'.

Adrian Cook
Managing Director