

# CEO Newsletter

16 August 2017



Dear Shareholders,

I'm very pleased to provide an update on what is happening in this exciting period in your company.

As you will have seen in our recent ASX releases, we are moving forward on several projects, all of which have the potential to generate very significant value for us as shareholders.

One project that is particularly exciting is the Buffalo project.

We see the Buffalo project as a very attractive proposition because it centres around an existing oil field, which appears to be far from fully exploited.

New technology has provided us with greater insight into what is essentially a question of the quantum of recoverable oil from a proven oil field, as opposed to oil within an exploration prospect.

We see the potential for this project to generate rapid cashflows (relative within our industry) and a significant return on our investment.

Hence our excitement!

Because we own 100% of the project we're able to control the allocation of our resources to this project. We're working hard to mature this opportunity as quickly and effectively as possible, with major progress having been made on several fronts since the new seismic data became available for interpretation in May 2017.

On the subsurface and mapping side of things, we believe we have a robust new structure map of the Buffalo field, and are in the process of creating a detailed geological model to better understand the distribution of oil originally in the reservoir (this is known as a static model).

Results from the static model are also being input into what is known as a dynamic model where modelled production data can be compared with the historical production data observed in the field, and the flow characteristics calibrated to improve the understanding of how the fluids would move in the subsurface in various re-development scenarios.

This will provide a better estimate of how much oil remains to be recovered, at what rates, and where best to place wells in the future.

The initial result of all this work will be a recoverable oil resource estimate and we anticipate being able to announce these numbers towards the end of this month once our independent reserve consultants complete their review.

At the same time, and assuming the contingent resource estimates support a development, we are also actively engaged in discussions with government agencies to lay the groundwork for obtaining a production license and establishing an acceptable environmental plan that will govern our anticipated field activities, especially drilling and development.

Possible development plans are also under discussion, with many different scenarios presently 'on the table'. These range from the 'tried and true' like a replication of the original Buffalo development, through to more innovative solutions.

As work progresses in the coming months, I'm looking forward to updating you further and discussing these different elements of our work in more detail.

Yours faithfully

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

**Adrian Cook**  
Managing Director