

Oil and Gas Research

7 July 2016

Oil and Gas sector update and June Q preview

Updating oil price assumptions on a stronger June Q

Coming into the June Q reporting period we have updated our price deck for higher June Q actuals and taken the opportunity to moderately increase our pricing assumptions. Oil prices recovered materially during the June Q, with WTI up 40% from ~\$34/bbl to \$48/bbl at the Q-end and with a quarterly average of \$45.7/bbl up 36% on the March Q average of \$33.7/bbl - above our \$42/bbl forecast. With recent supply disruptions abating and current macro issues we have assumed WTI remains flat at \$48/bbl through the Sep Q, before ending the year at \$50/bbl - with a view to a more balanced market in 2017. As a result, our 2017 and 2018 forecasts have been revised upwards by 8% and have increased our longer term forecast from \$65 to \$70/bbl; with Brent set at a \$1/bbl premium through 2H2016 moving to \$2/bbl thereafter.

Impact on coverage: Increased NAV's, BPT upgraded to BUY into results

Our updated price deck saw a small increase in NAV's across our oil producers but with minimal changes to our recommendations. We have upgraded BPT to a BUY into the June Q report, with BPT set to benefit from a full Q of merged production (guidance 2.5 to 2.8mmboe), which is very well timed given the increase in pricing. BPT is also set to announce FY17 guidance and details of a more active forward program could prove a catalyst.

Top Picks: AWE, COE and SEH

With a solid balance sheet and refocused portfolio, **AWE** provides lower risk exposure to the sector plus leverage to the Waitisia gas development. We continue to highlight **COE** as a stand-out growth story, leveraged to the development of its Sole gas project. With the proposed sale of its JV partner translating to +\$0.16/sh we believe **SEH** will re-rate as it delivers on its key milestones. And at the junior end of the market **OEL** provides leverage to a high-impact oil exploration program over the coming 12-months, with wells in Tanzania, Alaska and the GOM - development of its recent GOM discovery could see it return to production in 2017.

Updated recommendations and price targets:

Stock Code	Rating		Target	
	Previous	Revised	Previous	Revised
AOK	SPEC BUY	SPEC BUY	\$0.08	\$0.08
AWE	BUY	BUY	\$1.00	\$1.05
BPT	HOLD	BUY	\$0.70	\$0.70
COE	BUY	BUY	\$0.35	\$0.35
HZN	HOLD	HOLD	\$0.08	\$0.08
OSH	HOLD	HOLD	\$6.70	\$7.30
OEL	SPEC.BUY	SPEC.BUY	\$0.06	\$0.06
SEA	SPEC BUY	SPEC BUY	\$0.25	\$0.25
SEH	BUY	BUY	\$0.25	\$0.25

June Q reporting calendar:

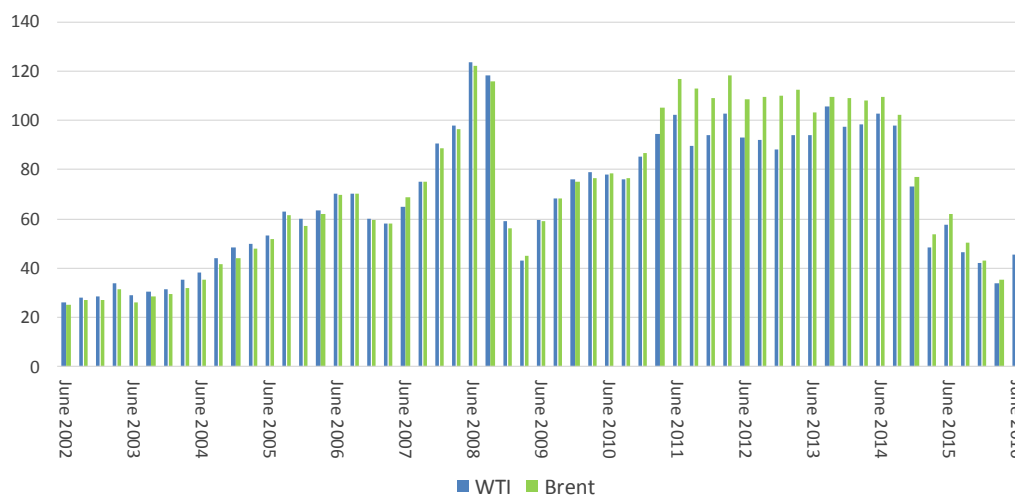
Company	GMP June Q Estimates
Austex Oil Ltd. ⁴ Report date: Fri 29th July (TBC) SPEC BUY, \$0.08/sh PT	Production: 0.07mmboe EBITDAX: US\$1.0m Capex: US\$0.5m
AWE Ltd ⁴ Report date: Fri 29th July BUY, \$1.05/sh PT	Production: 0.98mmboe EBITDAX: US\$46.3m Capex: US\$46.7m
Beach Energy Ltd. ⁴ Report date: Thu 28th July BUY \$0.70/sh PT	Production: 2.8mmboe EBITDAX: A\$81.8m Capex: A\$29.0m
Cooper Energy Ltd. ⁴ Report date: Mon 18th July BUY \$0.35/sh PT	Production: 0.11mmboe EBITDAX: A\$8.5m Capex: A\$9.0m
Horizon Oil Ltd. Report date: Fri 29th July (TBC) HOLD, \$0.08/sh PT	Production: 0.35mmboe EBITDAX: US\$12.1m Capex: US\$8.0m
Oil Search Ltd. ⁴ Report date: Tue 19th July HOLD, \$7.30/sh PT	Production: 7.26mmboe EBITDAX: US\$184.8m Capex: US\$89.1m
Otto Energy Ltd. Report date: Fri 15th July SPEC BUY \$0.06/sh PT	Production: 0.00mmboe EBITDAX: -US\$1.5m Capex: US\$6.3
Sundance Energy Australia Ltd. ⁴ Report date: Fri 29th July (TBC) SPEC BUY \$0.25/sh PT	Production: 0.48mmboe EBITDAX: US\$10.9m Capex: US\$18m
Sino Gas & Energy Holdings Ltd. ⁴ Report date: Fri 29th July BUY, \$0.25/sh PT	Production: 0.13mmboe^^ EBITDAX: -US\$0.71m Capex: US\$6.9m^^

Calendar y/e	2016E			2017E			2018E			Long Term		
	OLD	NEW	Change (%)	OLD	NEW	Change (%)	OLD	NEW	Change (%)	OLD	NEW	Change (%)
WTI (US\$/bbl)	\$ 41.43	\$ 43.84	6%	\$ 51.00	\$ 55.00	8%	\$ 59.00	\$ 63.75	8%	\$ 65.00	\$ 70.00	8%
Brent (US\$/bbl)	\$ 43.33	\$ 45.09	4%	\$ 53.00	\$ 57.00	8%	\$ 61.00	\$ 65.75	8%	\$ 67.00	\$ 72.00	7%
Henry Hub (US\$/mmbtu)	\$ 2.26	\$ 2.54	12%	\$ 2.95	\$ 3.00	2%	\$ 3.25	\$ 3.25	0%	\$ 3.50	\$ 3.50	0%
FX Rate (US\$/A\$)	\$ 0.72	\$ 0.73	1%	\$ 0.73	\$ 0.73	0%	\$ 0.75	\$ 0.75	0%	\$ 0.75	\$ 0.75	0%

June Q results to benefit from a +30% recovery in oil prices

Oil prices recovered materially during the June Q, with WTI up 40% from ~\$34/bbl to \$48/bbl at the Q-end and with a quarterly average of \$45.7/bbl up 36% on the March Q average of \$33.7/bbl - and above our \$42/bbl forecast. The recovery was from a low base with March Q pricing the lowest since 2003. Note that due to timing of sales and inventory adjustments realised pricing is often lower for our oil producers.

Figure 1. Average quarterly oil pricing



Source: Factset

While spot gas prices on the west coast have eased, east coast prices have reportedly increased through the Q however there will be minimal impact with our gas producers predominantly under long term GSA. OSH will see weaker LNG pricing given a 3-month lag in LNG prices and a weak spot market.

Updated price deck – short term weakness, increase in LT price to \$70/bbl

We have updated our price deck to reflect June Q actuals with the changes to our forecasts highlighted on the table at the bottom of page 1 and with our forecasts further detailed in the table below:

Figure 2. Update price deck

Benchmark Prices	2016					2017					2018	L.T
	Q1A	Q2A	Q3	Q4	Average	Q1	Q2	Q3	Q4	Average	Average	Average
WTI (US\$/bbl)	\$ 33.64	\$ 45.70	\$ 46.00	\$ 50.00	\$ 43.84	\$ 52.00	\$ 54.00	\$ 56.00	\$ 58.00	\$ 55.00	\$ 63.75	\$ 70.00
Brent (US\$/bbl)	\$ 35.32	\$ 47.03	\$ 47.00	\$ 51.00	\$ 45.09	\$ 54.00	\$ 56.00	\$ 58.00	\$ 60.00	\$ 57.00	\$ 65.75	\$ 72.00
Henry Hub (US\$/mmbtu)	\$ 2.04	\$ 2.52	\$ 2.80	\$ 2.80	\$ 2.54	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.25	\$ 3.50
FX Rate (US\$/A\$)	\$ 0.72	\$ 0.75	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.75	\$ 0.75
A\$ Brent (A\$/bbl)	\$ 48.90	\$ 63.11	\$ 64.83	\$ 70.34	\$ 61.82	\$ 74.48	\$ 77.24	\$ 80.00	\$ 82.76	\$ 78.62	\$ 87.67	\$ 96.00

Source: Somers & Partners estimates

With recent supply disruptions abating and softer growth amid recent macro issues we have assumed WTI remains flat at \$48/bbl through the Sep Q, before ending the year at \$50/bbl - with

a view to a more balanced market in 2017. As a result, our 2017 and 2018 forecasts have been revised upwards by 8% and have increased our longer term forecast from \$65 to \$70/bbl; with Brent set at a \$1/bbl premium through 2H2016, moving to \$2/bbl thereafter.

Impact on our coverage

Running the revised price deck through our coverage resulted in a small increase in earnings and valuations for our oil production assets. We left our recommendations largely unchanged and will look to review these more closely with the individual Q results.

Figure 3. Coverage update

Company	Stock Code	Year End	Currency	Rating		Target		2016E CFPS (\$/sh)			(%)	2017E CFPS (\$/sh)			(%)
				Previous	Revised	Previous	Revised	Previous	Revised	Change	Previous	Revised	Change		
Austex Oil Ltd. ⁴	AOK	December	USD	SPEC BUY	SPEC BUY	\$0.08	\$0.08	\$0.01	\$0.01		NM	\$0.00	\$0.00		NM
AWE Ltd. ⁴	AWE	June	AUD	BUY	BUY	\$1.00	\$1.05	\$0.07	\$0.08	7%		\$0.12	\$0.13		NA
Beach Energy Ltd. ⁴	BPT	June	AUD	HOLD	BUY	\$0.70	\$0.70	\$0.10	\$0.10	0%		\$0.12	\$0.13		NA
Cooper Energy Ltd. ⁴	COE	June	AUD	BUY	BUY	\$0.35	\$0.35	\$0.01	\$0.01	5%		\$0.01	\$0.01		33%
Horizon Oil Ltd.	HZN	June	USD	HOLD	HOLD	\$0.08	0.08	\$0.03	\$0.02	-15%		\$0.02	\$0.02		10%
Oil Search Ltd. ⁴	OSH	December	USD	HOLD	HOLD	\$6.70	7.30	\$0.31	\$0.32	4%		\$0.40	\$0.43		8%
Otto Energy Ltd.	OEL	June	USD	SPEC.BUY	SPEC.BUY	\$0.06	0.06	(\$0.00)	(\$0.00)	0%		(\$0.00)	(\$0.00)		0%
Sundance Energy Australia Ltd. ⁴	SEA	December	USD	SPEC BUY	SPEC BUY	\$0.25	0.25	\$0.08	\$0.09	1%		\$0.11	\$0.11		0%
Sino Gas & Energy Holdings Ltd. ⁴	SEH	December	USD	BUY	BUY	\$0.25	0.25	(\$0.00)	(\$0.00)	0%		(\$0.00)	(\$0.00)		0%

Source: Company, Somers & Partners estimates

Our only change in recommendation was for BPT, which we have upgraded to a BUY from a hold with its price target unchanged at \$0.70/sh. BPT is trading below our NAV and while its increased production of 2.5-2.8mboe (March Q of 2.44mboe) on the back of the DLS merger is well flagged to the market, we believe that the optics, coupled with increased pricing could see interest in the stock. Particularly with new management on board and with FY17 guidance to potentially detail an increased level of activity. However, while we see potential for some short term upside into the result, the longer term outlook is ex-growth and we eagerly await further guidance on BPT's growth plans.

In addition to above the following table details our key 2016 and 2017 forecasts:

Figure 4. Company forecasts

Stock Code	Year End	Rating	Target	Year End	Currency	2016				2017			
						Production mboe	CFPS \$/sh	EBITDAX \$m	CAPEX \$m	Production mboe	CFPS \$/sh	EBITDAX \$m	CAPEX \$m
AOK	December	SPEC BUY	\$0.08	December	USD	0.25	\$0.01	\$4.1	\$1.1	0.24	\$0.00	\$3.3	\$7.3
AWE	June	BUY	\$1.05	June	AUD	5.14	\$0.08	\$111.4	\$155.0	3.98	\$0.13	\$78.2	\$51.7
BPT	June	BUY	\$0.70	June	AUD	9.71	\$0.10	\$218.0	\$195.0	11.20	\$0.13	\$355.2	\$192.4
COE	June	BUY	\$0.35	June	AUD	0.47	\$0.01	(\$2.1)	\$30.7	0.38	\$0.01	\$2.6	\$41.9
HZN	June	HOLD	\$0.08	June	USD	1.38	\$0.02	\$50.2	\$29.1	1.31	\$0.02	\$35.5	\$29.0
OSH	December	HOLD	\$7.30	December	USD	29.39	\$0.32	\$844.0	\$343.5	29.28	\$0.43	\$1,116.7	\$430.0
OEL	June	SPEC.BUY	\$0.06	June	USD	0.00	(\$0.00)	\$21.3	\$44.3	0.00	(\$0.00)	(\$5.0)	\$11.3
SEA	December	SPEC BUY	\$0.25	December	USD	2.49	\$0.09	\$53.8	\$52.6	2.52	\$0.11	\$76.2	\$37.2
SEH	December	BUY	\$0.25	December	USD	0.50	(\$0.00)	(\$2.6)	\$21.1	1.78	(\$0.00)	(\$0.5)	\$63.1

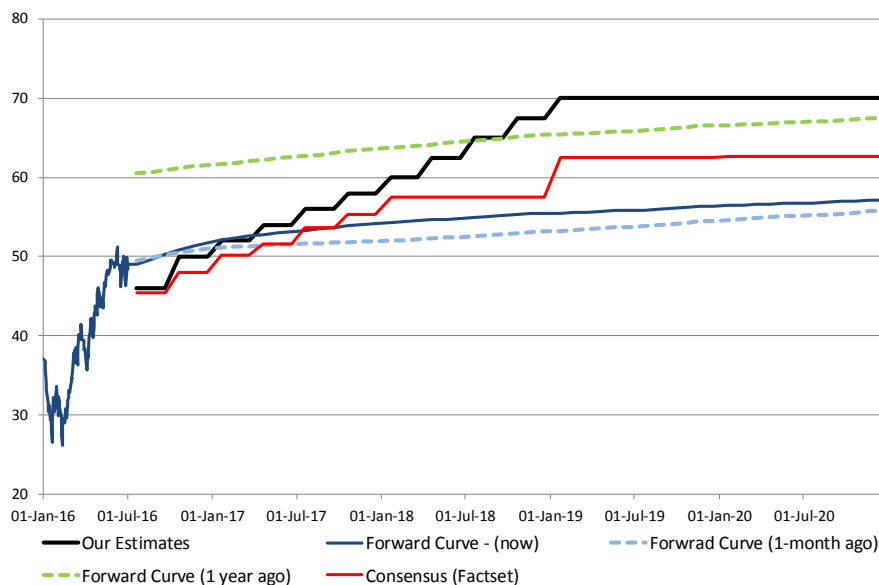
Source: Company, Somers & Partners estimates

Commodity outlook

Cautious on oil pricing in the short term

The rally in oil prices from March and then recent softening highlights the precarious nature of the demand/supply balance and the impact of geopolitical /supply-side issues – with the price hike stemming largely from outages in Canada and Nigeria and then recent price weakness a result of these outages coming back online. Looking ahead we see potential for further weakness through the Sep Q but with a view of a more balanced market in 2017 to drive prices towards \$50/bbl in the Dec Q. From \$50/bbl, our updated forecasts assume a steady increase in price through 2017 and 2018 to our long term forecast of \$70/bbl for WTI (\$72/bbl for Brent). While our long term assumption is above the forward curve we believe that it is reflective of the longer term oil price required to fund investment needed to offset production declines and meet demand growth. In fact we see potential for oil prices to overshoot these estimates through late 2017/2018 given the current underinvestment in the sector.

Figure 5. Updated WTI forecasts vs. forward curve

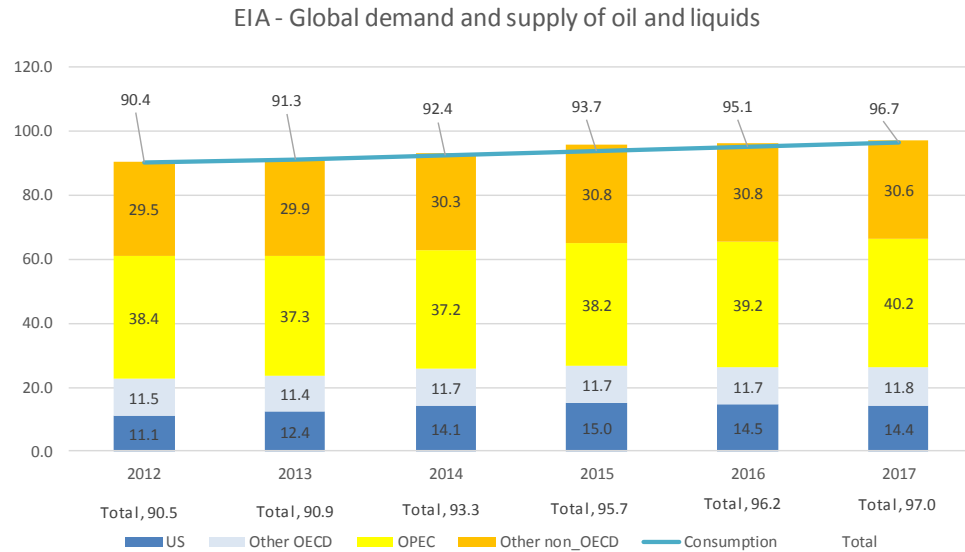


Source: Factset, Somers & Partners estimates

Market well supplied through 2016 and 2017

Based on the EIA's Short Term Energy Outlook (STEO - June 7th), 2016 remains well supplied with a surplus forecast of some 1.0mmbbl of production, moving to a much smaller surplus of 0.3mmbbl in 2017. Note that the EIA is set to release its updated STEO on July 12th.

Figure 6. EIA forecasts by region

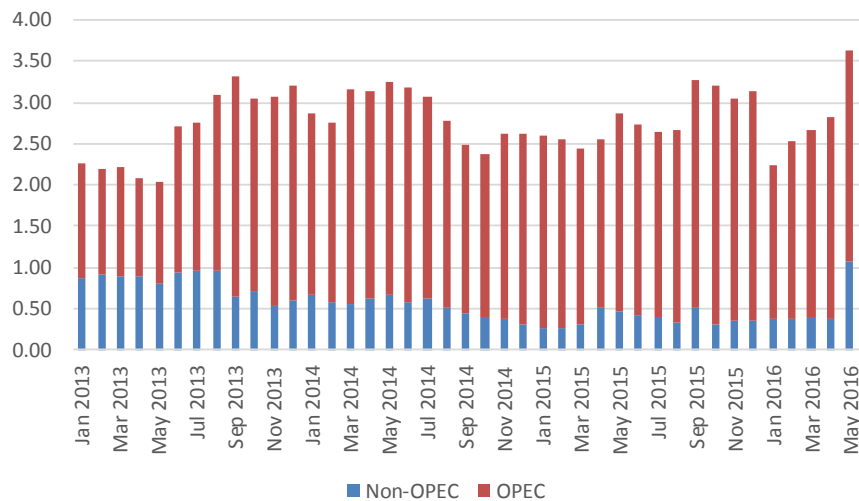


Source: EIA, Somers & Partners estimates

Ongoing supply issues to drive sentiment

It is worth noting that the EIA supply estimates factor in outages, but with unscheduled outages averaging over 3.5mmbpd in May. Hence with a forecast surplus of 1.0mmbpd, the demand/supply balance is precarious and sentiment will be driven by supply/geopolitical issues, offset by changes in marginal production from the US – as discussed below.

Figure 7. Unplanned outages (mmbpd)

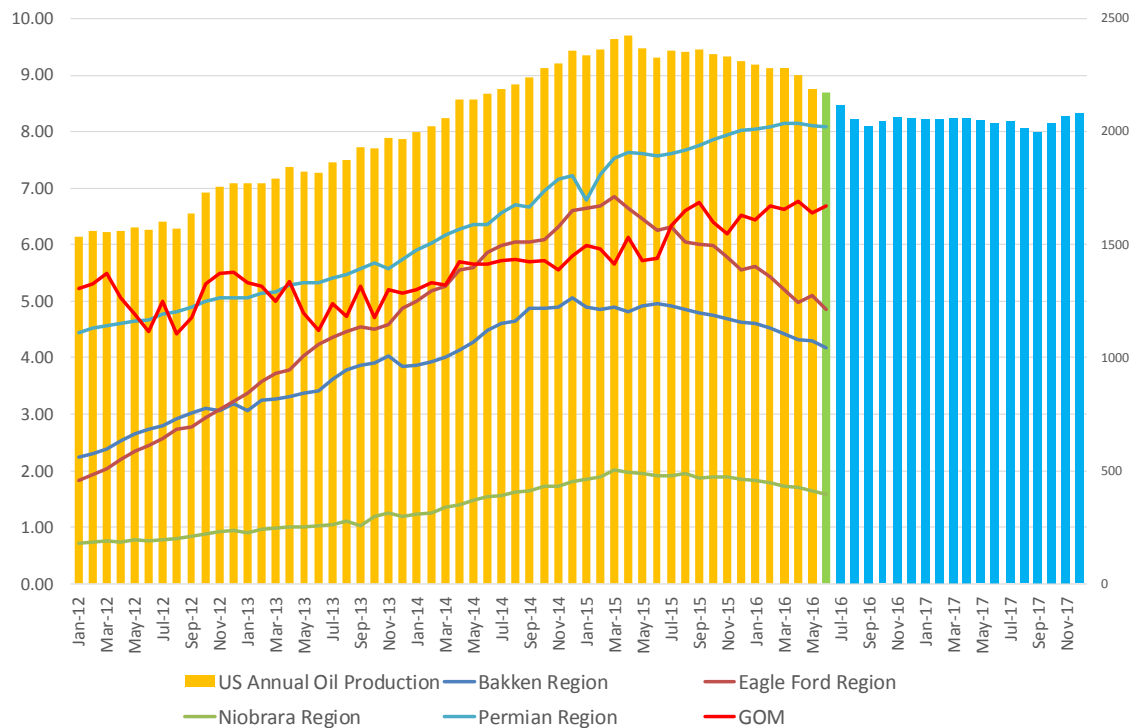


Source: EIA, Somers & Partners estimates

US production continues decline through 1H 2016, at 8.69mmbopd through June

More recent reports from the EIA show a continued decline in production through May and June, which averaged 8.75mmbopd and 8.69mmbopd and in its June Monthly Drilling Progress report the EIA forecast July production at 8.47mmbopd.

Figure 8. US oil production (LHS) & daily contribution from major plays (RHS)



Source: EIA, Somers & Partners estimates

Rig rates continues builds for week ended 1st July

However, the recent increase in oil prices has seen a return to targeted drilling of sweet-spots where an increase in short term production could be on the cards. The most recent Baker Hughes rig count saw total onshore US rigs up by 11, reflective of the recent increase in pricing with an additional 4 rigs targeting the higher margin Permian play. As per the slide above the Permian has been the last major US play to turn a corner, given a large conventional component and with high production rates seeing some of the best returns in the US.

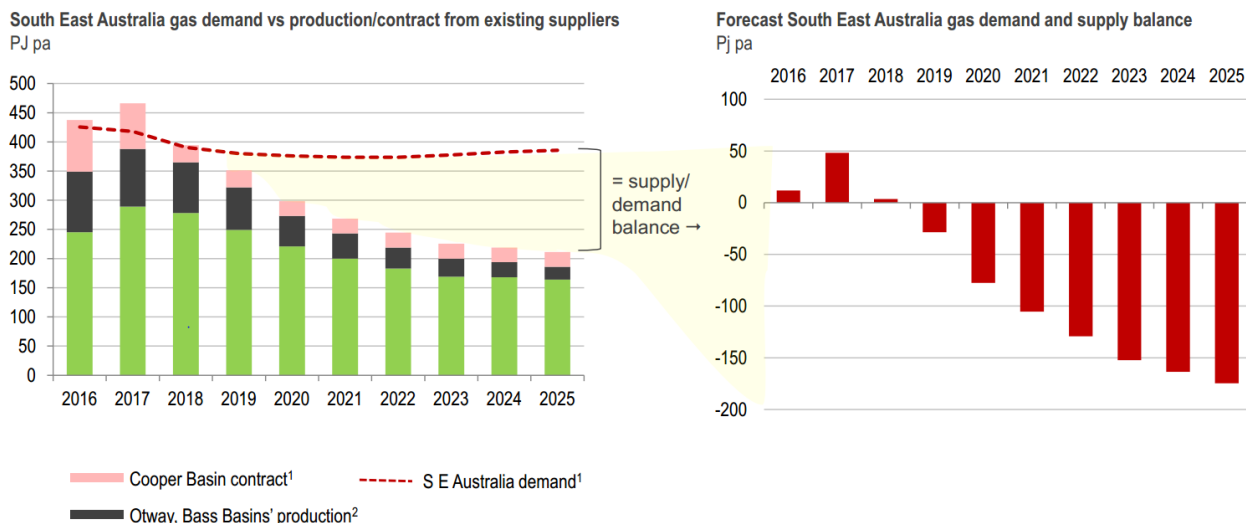
OPEC unable to constrain production to date

OPEC has clearly demonstrated an unwillingness and also highlighted its inability to control production to date, with individual members focussed on market share and reaching targets. Production from OPEC rose in June to 32.82mmbopd from 32.57mmbopd in April with a number of producers increasing output including Saudi Arabia, the UAE, Iran, Libya and repair of facilities in Nigeria adding 150kbopd.

Domestic gas outlook underpins top picks

With a soft outlook for oil through this year it's not surprising that our top picks are focussed on gas growth stories – underpinned by a solid outlook for the East Coast and an improved outlook for WA. The multiple CSG to LNG projects have seen a 3-fold increase in gas demand since 2014 and while domestic demand is expected to soften, the export of these vast quantities of gas sees a growing wedge of uncontracted demand from 2018. There are limited sources of supply and hence the success of proposed new sources of supply will be determined by its position on the cost-curve but importantly also the risk of the development. In this sense we believe that new conventional sources of supply are more likely to proceed than less defined unconventional sources of supply. Recent sales contracts have been struck +\$7/GJ with a move away from liquids linkage.

Figure 9. Forecast supply and demand balance



Source: COE

Earlier in the year COE executed an MOU with AGL for its Sole project and expect to sign offtake for a smaller volume (up to ~2PJ/a) in the coming months. Likewise, the re-contracting of AWE's BassGas and Otway sales contracts from 2018 will likely attract a +\$2/GJ increase in pricing and hence underpin a significant increase in earnings.

June Q results review

The following table provides a brief summary of our forecasts for the June Q, key activity and outlook for the 2H 2016:

- The June Q will benefit from a material increase in pricing and with much reduced capex budget should see improved balance sheets.
- During the Q a number of companies moved to firm up their balance sheets including COE, SEA and HZN negotiating a US\$50m loan to meet its convertible bond expiry.
- Following on from AWE's receipt of a non-binding bid, M&A continued to feature with OSH's IOC merger a key highlight for the period.

Figure 10. March Q results summary and outlook

Company	June Q highlights	Upcoming 2016 Activity
Austex Oil Ltd. ⁴ Report date: Fri 29th July (TBC) SPEC BUY, \$0.08/sh PT	- Steichen 12-1A results - minimal drilling activity as planned	- ramp-up of drilling subject to oil prices - potential for acreage additions
AWE Ltd ⁴ Report date: Fri 29th July BUY, \$1.05/sh PT	- progression of stage 1a Waitsia works - Successful AAL K-sand appraisal well - Cliff Head / Lengo divestment	- first gas from stage 1a at Waitsia in August - progression of AAL to FID - gas marketing additional east/west coast volumes
Beach Energy Ltd. ⁴ Report date: Thu 28th July BUY \$0.70/sh PT	- material increase in production, with full Q from merger - additional wells tied-in to support WF production - additional wells tested in STO JV area	- FY17 program to be detailed with June Q results - focus on acquisitions for growth - resumption of WF drilling in 2H 2016
Cooper Energy Ltd. ⁴ Report date: Mon 18th July BUY \$0.35/sh PT	- WF production likely down on natural decline - sale of KSO in Indonesia, following exploration divestment - placement plus SPP to raise \$22m	- completion of Sole FEED - completion of Gippsland sell down a - targeting Sole FID
Horizon Oil Ltd. Report date: Fri 29th July (TBC) HOLD, \$0.08/sh PT	- solid output from Beibu Gulf fields in China - likely minimal progress in PNG - refinancing of bonds via \$50m IMC loan, subject to EGM	- completion of refinancing is a key driver - progression of Beibu Gulf to Phase II - PNG on hold pending Stanley GSA, P'nyang appraisal
Oil Search Ltd. ⁴ Report date: Tue 19th July HOLD, \$7.30/sh PT	- sustained production from PNG LNG - update on IOC transaction - Antelope-6 appraisal well completed	- updated Elk/Antelope resource a key driver - Train 3 appraisal activities pushed back to late 2016 - IOC transaction /integration of projects a key driver
Otto Energy Ltd. Report date: Fri 15th July SPEC BUY \$0.06/sh PT	- further news flow regarding SM-71 #1 planning - successful farm-out of Kito prospect - Alaskan seismic acquisition and prospect generation	- firm up development plans for SM-71 - spud Kito in August in Tanzania - finalise prospects for 2017 high-impact drilling in Alaska
Sundance Energy Australia Ltd. ⁴ Report date: Fri 29th July (TBC) SPEC BUY \$0.25/sh PT	- completed stage 1 of ~A\$80m capital raising - acquisition of additional ~5,000net acres - production lower with no new wells online	- approval and finalisation of ~A\$80m capital raising - additional 13 wells to be brought on stream over 2H 2016 - hitting production guidance of 8,600-9,500boepd in Q4
Sino Gas & Energy Holdings Ltd. ⁴ Report date: Fri 29th July BUY, \$0.25/sh PT	- additional GSA signed for Linxing to facilitate ramp-up - MIE approval at EGM for SGE divestment - provide an update on SJB sales receipt issue	- ramp -up of production at LX and SJB to target 25mmscf/d - completion of MIE sale and new JV partner on-board - production testing of 3rd horizontal well (TB-3H)

^^ Indicative only as treated as equity interest

Source: Company reports, Somers & Partners estimates

Top Picks

The following table provides a brief overview of our Top picks. While we still view OSH as the standout stock in the sector, it is currently trading in line with our NAV and hence we are neutral at current prices. The completion of the Elk/Antelope resource assessment in mid-2016 and completion of IOC transaction are key drivers, as well as Train 3 exploration and appraisal drilling in late 2016. We also anticipate BPT to deliver a solid quarterly result which we have upgraded to a BUY with a \$0.70/sh price target.

Figure 11. Top picks

Company	Price Target	Summary	Outlook / Key catalysts
AWE	\$1.00/sh	AWE provides lower risk exposure to the sector, underpinned by a diverse portfolio of producing assets and a solid balance sheet. Leveraged to development of Waitsia and possibly AAL.	<ul style="list-style-type: none"> - first gas from stage 1a at Waitsia in August - progression of AAL to FID (Dec Q - possibly pushed out) - recent indicative proposal highlights base value of \$0.80/sh
COE	\$0.35/sh	With +\$50m in cash COE is now better positioned to complete the final key steps in taking its Sole Gas Project to FID in October. We view the project as very well positioned to target a gap in contracted supply, supported by \$7/GJ gas prices, low development costs and with an established path to market.	<ul style="list-style-type: none"> - Indo sales proceeds of \$10m plus sales of producing asset (June Q) - completion of Sole FEED (Sep Q) - preliminary financing and Gippsland sell-down (Dec Q)
SEH	\$0.25/sh	We believe SEH has de-risked considerably over the past months with sales receipts flowing from Linxing and with a new and better funded JV partner set to take operatorship of SGE JV. With strong project fundamentals in place, SEH will re-rate as the projects are progressed through approvals.	<ul style="list-style-type: none"> - resolution of SJB sales receipts a key driver - completion of MIE transaction and agree forward work program - execution of 2016 work program - progress through program and approvals towards ODP

Source: EIA, Somers & Partners estimates

In addition to our top picks we highlight some other key explorers:

OEL (SPEC BUY, \$0.08/sh TP) – In an otherwise slow sector OEL has kicked off an active 12-months of drilling with success from its first development well in the shallow water GOM. With ~5mmbbls estimated at the SMI-71 discovery, a low-cost development could see OEL in production by 2017. OEL's high impact drilling campaign is set to get underway in the Sep Q with the Kito prospect in Tanzania. This will be followed in early 2017 by the commencement of OEL's Alaskan drilling campaign with 2-4 wells targeting material conventional prospects and the company also recently executed a farm-in agreement to drill another shallow water well in the GOM in 2017. OEL remains well funded with cash of \$26.7m and cheap with cash-backing at \$0.03/sh.

CVN (not covered) – Trading close to its \$90m in cash backing and with interest and royalties from its Thailand asset divestment largely covering G&A, CVN provides free leverage to a 2 well campaign in 2016, firstly at Outtrim East-1 (underway) and then at Roc-2 (Sep Q). Following on from its earlier successful wells, Roc-2 has a very high POS% and the potential to prove up a sizeable development - in the order of 500bcf and 22mmbbls.

2016 drilling and activity

Drilling activity will remain subdued through 2016 due to materially lower capex budgets with key wells detailed below:

Figure 12. 2016 drilling activity

Timing	Well	Location	Participants	Prospective Resource	Comments
Q1-16	Thalin	Myanmar	WPL	"large gas target"	drilled- discovery
Q1-16	Skippy Rock	Australia -Beagle Bay	WPL	"medium oil target"	drilled - dry
Q1-16	Stokes	Australia -Beagle Bay	WPL	"small oil target"	drilled - dry
Q1-16	Roc-1	NWS	CVN	2C 270bcf and 13mmbbls	drilled- discovery
Q1-16	NS-2	Kutai Basin, Indonesia	CUE	best estimate 37mmbbls	drilled- discovery
Q1-16	Red Gully North	Perth Basin	EGO	2C 10.7PJ	drilled- discovery
Q1-16	SMI-6#2	Offshore GOM, USA	OEL	~1.5mmbbls and 8.6bcf	drilling suspended due to mechanical issues
Q1-16	Antelope-6	PNG	OSH/IOC	proving up Elk/Antelope resource	drilled - successfully appraised eastern flank
Q2-16	Strickland-2	PNG	OSH	gas/cond in Darai limestone	drilled- P&A's with sands water bearing
Q2-16	Outtrim East-1	NWS	CVN	medium oil target	prove up additional resources around Outtrim-1 discovery
Q2-16	Mahato PSC - PA and PB	Indonesia	CUE		test extension of Petapahan field
Q2-16	Bellatrix-1	Senegal	FAR	best estimate 168mmbbls	drilled - discovery and appraisal well for SNE field
Q2-16	SM-71	Offshore GOM, USA	OEL	5.6mmbbls and 4.1bcf	drilled - discovery
Q2-16	AAL appraisal well	Indonesia	AWE	36mmbbls of 2C in G-sands	drilled - successful appraisal well
Q3-16	Antelope-7 (TBC)	PNG	OSH/IOC	proving up Elk/Antelope field	test western extent of field and quality reservoir
Q3-16	Strickland-1	PNG	OSH	gas/cond in Toro sandstone	spudded
Q3-16	Lockyer Deep	Perth Basin	EGO	high case 256bcf	drilled FY16/17 subject to farm-out
Q3-16	SNE-4	Senegal	FAR	appraise SNE discovery	test eastern flank of field
Q3-16	Echidna appraisal well #1	Brazil	KAR	current 2C estimates 54mmbbls	proving up previous discovery
Q3-16	Kito	Tanzania, Onshore	OEL	best estimate 184mmbbls	miocene aged basin fault structure
Q4-16	ROC-2	NWS	CVN	best estimate 193bcf and 9mmbbls	potential to prove up 0.5tcf and 22mmbbl gas field
Q4-16	Muruk-1	PNG	OSH/IOC	multi-tcf - ~2tcf	
Q4-16	P'nyang South-2	PNG	OSH/IOC	prove up P'nyang resource vols	test upside to 2tcf CR with 2-4tcf range
Q4-16	Ironbark-1	Carnarvon Basin	CUE	best estimate 15tcf	contingent - subject to farm-out
Q4-16	Echidna appraisal well #2	Brazil	KAR	current 2C estimates 54mmbbls	
Q1-17	2-4 well program	Alaska, North Slope	OEL	Large oil targets	2-4 exploration and appraisal well program
Q1-17	Swell	Australia - WA-483	WPL	"large gas target"	
Q1-17	Kalangar-1	PNG	OSH/KPL	material shallow gas objective	on trend with Antelope
Q1-17	Icewine#2H	Alaska, North Slope	88E	HRZ shale appraisal	first horizontal well in untested shale play

Source: Company estimates, Somers & Partners estimates

Some of the most relevant wells to be drilled in our coverage list will include OSH's Muruk-1 exploration and P'nyang South-2 appraisal well; CVN's (not-covered) Roc-2 appraisal well which has potential to prove up a commercial gas condensate development; commencement of OEL's high impact Alaskan North slope exploration program; and we will be closely following 88E's first horizontal well, aimed at testing the HRZ shale, with earlier core analysis suggesting very supportive properties for a productive shale play.

Outside of drilling there are a number of key milestones over the remainder of the year, namely:

- OSH - Completion of the Elk/Antelope resource assessment (Sep Q)
- HZN – refinancing of convertible notes (Sep Q)
- AWE – First gas from Waitsia stage 1a development (Sep Q)
- SEH – Completion of MIE transaction (Sep Q)
- COE – Finalised funding structure for Sole targeting FID (Dec Q)
- AWE – AAL FID (Dec Q but potentially pushed out)

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