

ASX Announcement

8 March 2011

GB Energy Limited (GB Energy) to acquire interest in producing Cooper Basin oilfield, exploration licences and farmouts portfolio

The directors of GB Energy are pleased to announce that the company has entered a conditional agreement to acquire a portfolio of oil and gas interests from Cooper Energy Limited (ASX: COE).

The principal asset within the portfolio is a 30% interest in the producing Worrior oilfield in the Cooper Basin, which has 2P reserves of 2.1 million barrels and which, as present rates, produces over 150,000 barrels of oil per annum (see Note 1).

In addition, GB Energy will acquire a 25% interest in PEL90 and a 30% interest in PEL93 and enter farmout agreements reflecting various percentages in PEL100 (9.165%), PEL110 (10%), and PEL495 (20%), located in the Cooper and Otway Basins.

The up-front transaction consideration comprises \$16 million in cash (also see Note 2) and \$0.5 million in GB Energy shares (see Note 3). In the future, a production fee is also payable to COE based on output from the Worrior oilfield and a success fee based on the future reserves calculation for PEL 90.

The transaction is subject to GB Energy completing a capital raising and normal regulatory approvals. As the transaction constitutes a change in the nature and/or scale of the activities of GB Energy, the company is required to re-comply with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

This acquisition is in line with the strategy outlined by the GB Energy directors in September 2010 which is to focus on oil and gas assets in Australia with short, medium and longer term prospects. This package of interests provides immediate positive cash flows as well as exciting prospects that have the potential for significant production in the short to medium term.

The Assets

These assets will provide the foundation for future growth of GB Energy in the oil and gas sector.

The Worrior oilfield is currently producing about 500 barrels of oil per day of which GB Energy's share will be approximately 150 barrels per day. Worrior's 2P reserves are 2.1 million barrels, and on current trends the field has a life expectancy of at least another 10 years. Also, there is potential for increasing the reserves and production of this field.

The other Licences (PELs 90, 93, 100 and 110) in the Cooper Basin are each considered highly prospective for the discovery of oil having a number of leads and prospects. Exploration drilling is expected to take place over the coming 1-2 years.

PEL495 (Otway Basin) has 12 prospects and leads containing 52 million barrels (P50) of Prospective Resources across the Permit. One of the prospects is ready to drill and it is expected to be drilled towards the end of calendar 2011.

Capital Raising and Shareholder approval

GB Energy will undertake a consolidation of its existing shares on a one-for-five basis, raise up to \$21 million from the issue of up to 105 million new shares (post-consolidation) at an issue price of \$0.20 ("Offer"), and has appointed Patersons Securities Limited as Lead Manager for the capital raising.

The table below shows the pre- and post-consolidation parameters.

	Pre-consolidation equivalent	Post- consolidation
New shares (maximum)	525 million	105 million
Share price	\$0.04	\$0.20
Amount raised (maximum)	\$21 million	\$21 million

A prospectus setting out the Offer will be lodged with ASIC within the coming weeks, and existing shareholders will be given a priority entitlement within that Offer.

Shareholder approval will be sought to change the nature and/or scale of the company's activities because of the acquisition, to consolidate its existing shares, to issue the new shares under the prospectus Offer, issue new shares to COE and issue new shares to GB Energy directors who subscribe under the prospectus.

A notice of meeting and explanatory statement setting out the various resolutions to be proposed at the general meeting will be dispatched to shareholders within approximately two weeks of this announcement.

The general meeting will be held towards the end of April 2011, and on completion of the capital raising shortly thereafter, the acquisition is anticipated to be completed in early May 2011.

On the day of the general meeting, GB Energy shares will be subject to a suspension. That suspension is expected to be lifted when GB Energy has met the requirements of Chapters 1 and 2 of the ASX Listing Rules.

Enquiries should be directed to Mr Andrew Andrejewskis, Managing Director, on 0417 872 230, or to Mr Peter Fraser of Baron Partners Limited, Corporate Advisers, on (02) 9232 5500.

Notes

1. Disclaimer: The information in this announcement about recoverable hydrocarbons has been collated from publicly available information and information made available to GB Energy during due diligence inquiries, and has not been independently verified by GB Energy. GB Energy disclaims to the fullest extent permitted by law any responsibility for the accuracy or otherwise of the information relating to recoverable hydrocarbons.
2. GB Energy has paid COE a cash deposit of \$0.2 million. Upon completion of the acquisition the deposit will be deducted from the consideration noted above. If the acquisition fails to complete, the deposit is not refundable in cash but in its stead GB Energy will be granted title to the farmout opportunities described above.
3. New shares issued to COE will be at the post-consolidation prospectus Offer price.