

1 April 2011

Company update

GB Energy Limited (**GB Energy**) was placed in a trading halt on 3 March 2011, pending an announcement of a potential acquisition and capital raising.

On 8 March 2011, GB Energy announced that it

- had entered into a conditional agreement to acquire a portfolio of oil and gas interests from Cooper Energy Limited (ASX: COE); and
- would be undertaking a capital raising by way of prospectus offer to raise up to \$21 million in order to fund the acquisition;
- in view of the substantial increase in scale of the company's activities and other consequent matters, would require shareholder approval on a number of resolutions to be put to a general meeting of shareholders; and
- would be required to comply with Chapters 1 and 2 of the ASX Listing Rules.

Also on 8 March 2011, the securities of GB Energy were voluntarily suspended so that GB Energy could proceed with negotiating and finalising a number of matters relating to the acquisition and capital raising, such as the capital raising structure, the necessary ASX approval process, shareholder approval documents, capital raising documents and timing.

Update on structure of acquisition – no change

Under the conditional share sale agreement (**SSA**) with COE, GB Energy will acquire all the shares in Worrior (PPL 207) Pty Ltd, a wholly owned subsidiary of COE, that will, immediately before completion of the SSA, hold the following interests:

- 30% interest in Worrior Oilfield PPL207;
- 30% interest in PEL93; and
- 25% interest in PEL90 (Kiwi Sub Block).

GB Energy has also entered into farmout agreements with COE to acquire a 9.165% interest in PEL100 and a 20% interest in PEL495, and an option to farmout agreement with COE to acquire a 10% interest in PEL110.

Update on upfront consideration – modified by the addition of options

In addition to the consideration described in the 8 March 2011 announcement, and due to the modification in the capital raising structure described below, GB Energy will also issue

attaching options to COE for no additional consideration on a one-for-two basis on the same terms as offered under the prospectus.

Update on consolidation of capital – ratio modified

Further to the original announcement on 8 March 2011, GB Energy advises that the consolidation of existing shares and options has changed from being on a one-for-five basis to a one-for-six basis.

Update on capital raising structure – due to consolidation change, and modified by the addition of options

As a result of the change in consolidation ratio:

- the maximum number of shares to be issued under the prospectus will change to 87.5 million, rather than 105 million as previously stated; and
- the issue price of shares to be offered under the prospectus will change to \$0.24 per share, rather than \$0.20 per share as previously stated.

The issue price under the prospectus for shares of \$0.24 per share is equivalent to \$0.04 per share on a pre-consolidation basis.

GB Energy advises that in addition to the shares issued under the prospectus, GB Energy will also issue attaching options for no additional consideration, on the basis that one option will be issued for every two shares issued under the prospectus. Accordingly, a maximum of 43.75 million new options will be issued under the offer. The options will have an exercise price of \$0.36 and will expire on 30 November 2013.

There will be no change to the maximum raising which remains at \$21 million.

The capital structure and net assets of GB Energy following the completion of the acquisition and capital raising (assuming maximum subscription under the prospectus) would be as follows:

	Before Transaction		After Transaction
	(pre-consolidation of capital)	(post-consolidation of capital)	(post-consolidation of capital)
Number of shares on issue (rounded)	185m	30.8m	120.4m ⁽¹⁾
Market capitalisation	\$12.9m ⁽²⁾	\$12.9m	\$28.9m ⁽³⁾
Net assets	\$2.5m ⁽⁴⁾	\$2.5m ⁽⁴⁾	\$21.1m ⁽⁵⁾

Notes

1. 30.8 million shares plus 2.1 million shares issued to COE under SSA, plus 87.5 million shares issued under prospectus.
2. 185 million shares x \$0.07 cents each (last sale price prior to finalisation of this document).
3. 120.4 million shares at \$0.24 cents each.
4. As at 31 December 2010, based on auditor-reviewed financial statements.
5. Being December 2010 net assets plus \$21.5 million new equity less costs of \$2.9 million.
6. The above table does not provide for any outstanding options or options to be issued pursuant to the prospectus.

Indicative timetable

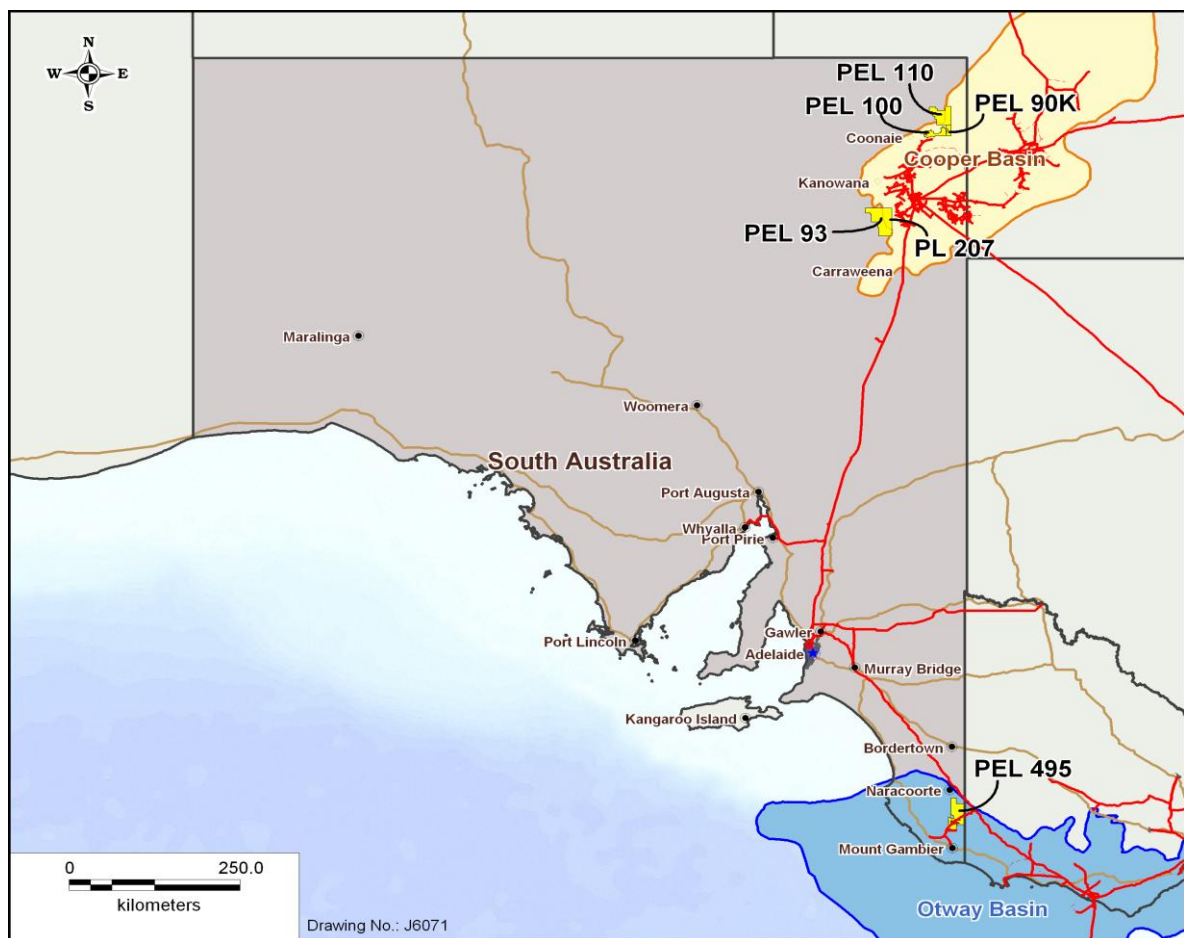
The proposed timetable for the acquisition and capital raising, which is subject to change, is set out below:

Event	Date
Dispatch notice of meeting to shareholders	w/c 4 April 2011
Lodgement of prospectus with ASIC	w/c 11 April 2011
Opening date of prospectus	date of lodgement
Suspension of GB Energy shares	11 May 2011
Extraordinary general meeting	11 May 2011
Prospectus offer closing date	19 May 2011
Last day for GB Energy to register transfers on a pre consolidation basis Record Date	19 May 2011
Share consolidation occurs	20 May 2011
Allotment of new shares and options under prospectus Allotment of shares and options to COE pursuant to acquisition of Worrior (PPL 207) Pty Ltd Acquisition of Worrior (PPL 207) Pty Ltd completed	25 May 2011
Dispatch of holding statements to GB Energy shareholders	26 May 2011
Trading in GB Energy shares reinstated by ASX (subject to satisfaction of Chapters 1 and 2) Normal T+3 trading on post consolidation basis commences	27 May 2011

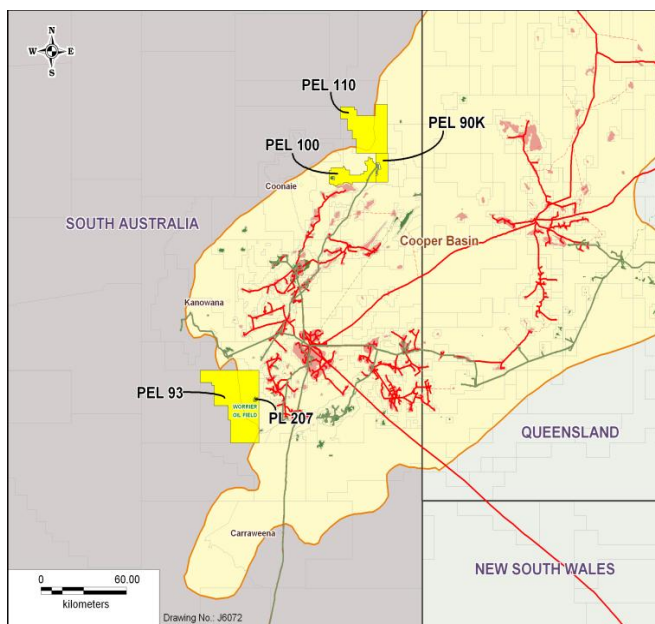
Additional information on assets

GB Energy provides the following additional information about the assets to be acquired. Please note that further information regarding the assets will be provided in the notice of meeting and prospectus.

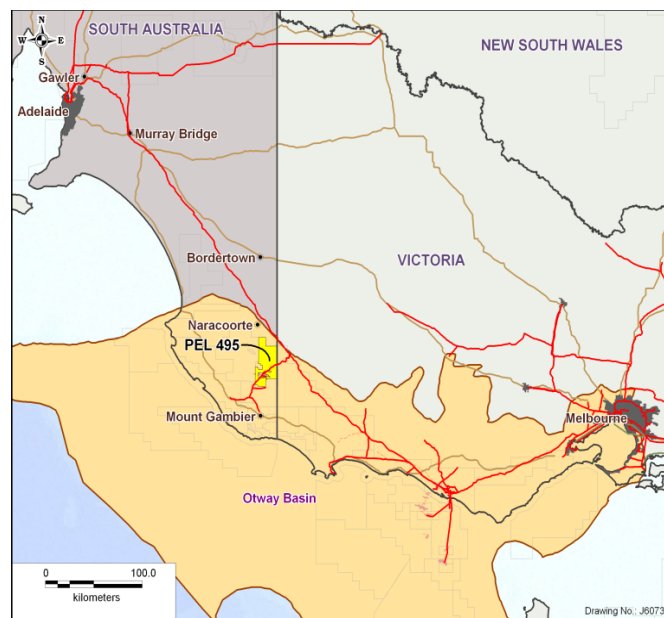
The locations of the above assets the subject of the acquisition and farmouts is shown in the following maps:



Location Map of proposed asset acquisitions.



Cooper Basin



Otway Basin

Details of the assets are as follows.

Worrior Oilfield PPL207 (part of the acquisition)

Stuart Petroleum Limited currently holds a 70% interest and is also the operator of the joint venture. GB Energy is acquiring from Cooper Energy the remaining 30% interest pursuant to the acquisition.

The tenement was granted on 4 November 2004, and the Worrior No 1 oil discovery occurred in 2002.

The Worrior oilfield is currently producing about 500 barrels of oil per day (having regard to flood conditions) of which GB Energy's share will be approximately 150 barrels per day. Worrior's estimated remaining resource lies in the range of 1.8 million to 2.0 million barrels,¹ 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 via the testing of a number of connected reservoirs and the potential to drill an additional production well.

The historical expenditure spend on the field is approximately \$12 million.

¹

NOTE: the announcement on 8 March 2011 stated that Worrior's 2P reserves were 2.1 million barrels. GB Energy advises that since that announcement, Worrior's 2P resource is now estimated at 1.8 million to 2.0 million barrels.

PEL93 (part of the acquisition)

Stuart Petroleum Limited currently holds a 70% interest and is also the operator of the joint venture. GB Energy is acquiring from Cooper Energy the remaining 30% interest pursuant to the acquisition.

The tenement was granted in November 2001, is now in its second five year term, but is currently suspended due to floods.

The tenement has seven exploration wells drilled (including the Worrior Oil discovery in PPL207, which was excised from PEL93 in 2004). The tenement contains four oil prospects with an estimated prospectivity of 7.6 million bbls (OOIP, mean unrisked), with 23 oil leads, five gas prospects with an estimated prospectivity of 52 BCF (OGIP, mean unrisked), and four gas leads.

The historical expenditure spend on the licence is greater than \$3 million.

PEL90 (Kiwi Block) (part of the acquisition)

Stuart Petroleum Limited currently holds a 75% interest and is also the operator of the joint venture. GB Energy is acquiring from Cooper Energy the remaining 25% interest pursuant to the acquisition.

The tenement was granted in October 2001, is in its second five year term, but is currently suspended due to floods.

The tenement has had six exploration and three appraisal/development wells drilled. The Colonus Prospect has an estimated 4.1 million bbls (OOIP, mean unrisked) plus gas. Further, the tenement contains 3 other leads/prospects for a combined six million bbls (OOIP, mean unrisked), plus 30 Bcf gas (OGIP, mean unrisked).

The historical expenditure spend on the block is approximately \$1.3 million.

PEL100 (farmout)

Stuart Petroleum Limited currently holds 50% and is also the operator, with Sundance Energy Australia Limited holding 23.335%, COE 19.165% (to be reduced to 10%), Senex Energy Limited holding 5% and Liberty Petroleum Corporation holding 2.5%. GB Energy can earn a 9.165% interest in the tenement by funding 19.165% of the cost of a well to be drilled on the tenement.

The tenement was granted in March 2003, is now in its second five year term, but is suspended due to flooding.

The tenement has had four exploration wells drilled for total expenditure of \$3.4 million. The tenement has mapped eight oil prospects and 32 possible oil leads.

PEL110 (farmout)

COE currently holds 20% and is also the operator (to be reduced to 10%), with Senex Energy Limited (previous Victoria Petroleum NL) holding 60% and Monitor Energy Limited earning 20% via seismic carry from COE. GB Energy has an option to enter into a farmout agreement with Cooper Energy whereby GB Energy can earn a 10% interest in the tenement by funding 20% of the cost of a well to be drilled on the tenement.

The tenement was granted in February 2003, is now in its second term, but is currently suspended due to floods.

The tenement has two exploration wells drilled. The tenement has mapped 12 oil prospects and leads with estimates of mean recoverable oil ranging from 0.3 to 16.9 million bbls. The tenement will require 3D seismic to refine interpretation and select targets for further prospect drilling.

The historical expenditure spend on the licence is approximately \$2.1 million.

PEL495 (Otway Basin)

COE currently holds 100% and is also the operator, with proposal for GB Energy to farm-in for 20%, Beach Energy Limited to farm-in for 35%, and Somerton Energy Limited farming-in for 15%.

The tenement was granted in March 2009.

The tenement currently has mapped 12 prospects and leads for oil, condensate and gas.

The primary prospects are:

- Sawpit Updip – three target intervals; combined 5.7 million barrels potential recoverable; and
- Moreto – 4.9 million barrels potential recoverable.

The primary leads, which will require more definition by undertaking seismic surveys, are:

- Muscardin – 10.7 million barrels potential recoverable;
- Ortega – 1.31 million barrels potential recoverable.

The tenement also has six follow up leads.

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.

Further update to be provided

The Directors of GB Energy are still in the process of finalising the notices of meeting, the prospectus and ASX approvals. The Directors have issued this update so that the trading of GB Energy's securities can be resumed. The Directors are expecting to send the notice of meeting and prospectus out to shareholders over the coming weeks, which will contain further information on the acquisition and capital raising.

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.