



TARGET'S STATEMENT

Somerton Energy Limited

ABN 38 089 956 150

This Target's Statement has been issued in response to the off-market takeover bid made by Cooper Energy Limited for all of your fully paid ordinary shares in Somerton Energy Limited.

The Voting Directors of Somerton Energy Limited recommend that you **ACCEPT** the takeover offer from Cooper Energy Limited (in the absence of a Superior Proposal)

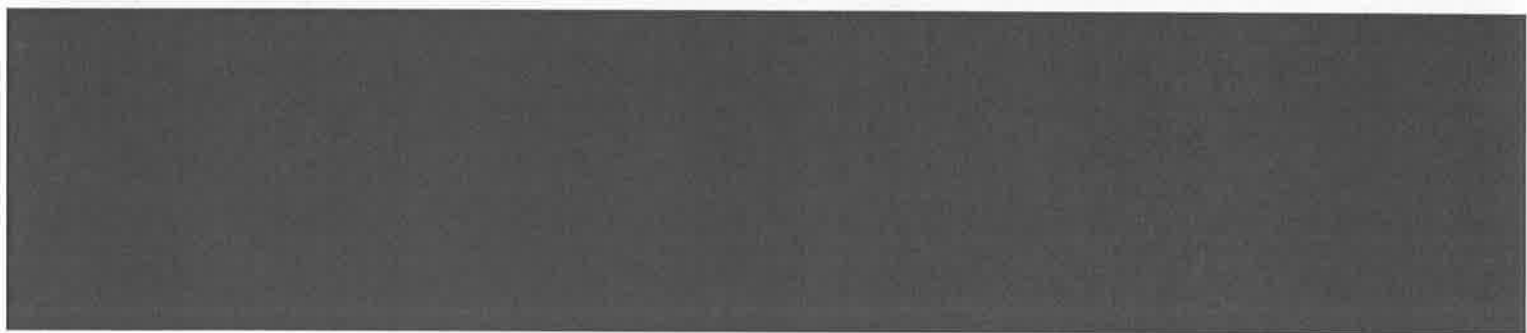
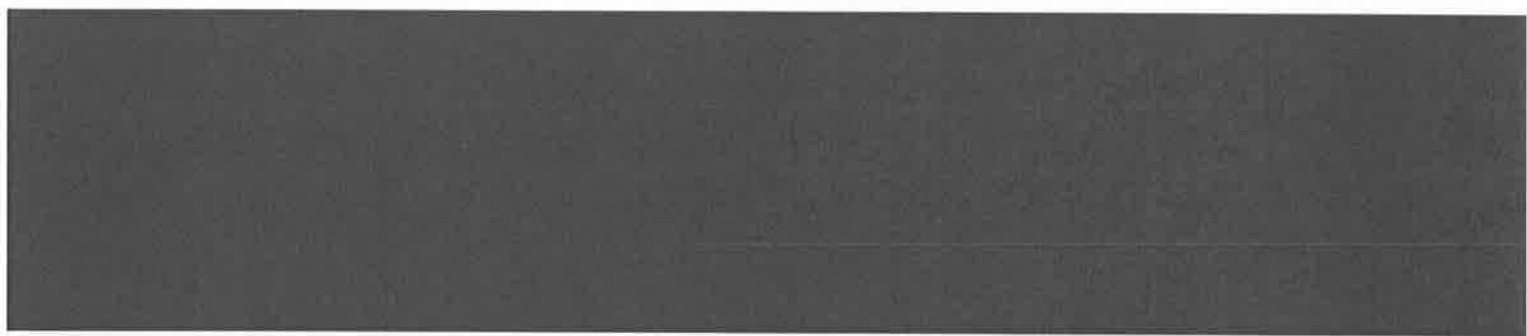
Legal advisers:

TressCox
LAWYERS

Corporate advisers:

GMP Securities
Griffiths McBurney

This is an important document and requires your immediate attention. If you are in any doubt about how to deal with this document, you should contact your broker, financial adviser or legal adviser immediately. To accept this offer you must complete, sign and return the Transfer and Acceptance Form enclosed with the Bidder's Statement in accordance with the instructions on the form.





The Voting Directors of Somerton Energy Limited recommend that you **ACCEPT** the takeover offer from Cooper Energy Limited (in the absence of a Superior Proposal)

If you accept the Cooper Offer you have the choice of receiving:

1 ONE COOPER SHARE FOR EVERY
2.8 OF YOUR SOMERTON SHARES; OR

2 ONE COOPER SHARE FOR EVERY 4.73 OF
YOUR SOMERTON SHARES PLUS 9 CENTS
FOR EACH ONE OF YOUR SOMERTON SHARES

CORPORATE DIRECTORY

DIRECTORS

Robert Michael Kennedy (Chairman)
Hector Mackenzie Gordon (Managing Director)
Peter Francis Mullins (Non-executive Director)

COMPANY SECRETARY

Alfonso Grillo

REGISTERED OFFICE

Level 9
469 Latrobe Street
Melbourne VIC 3000

PRINCIPAL ADMINISTRATIVE OFFICE ADDRESS

Level 5
70 Pirie Street
Adelaide SA 5000
Telephone: +61 8 8100 4900
Facsimile: +61 8 8227 0544

WEBSITE

www.somertonenergy.com.au

SHARE REGISTRY

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
www.computershare.com.au

ASX CODE

SNE

LEGAL ADVISERS

TressCox Lawyers
Level 9
469 La Trobe Street
Melbourne VIC 3000
Telephone: +61 3 9602 9444
Facsimile: +61 3 9642 0382
www.tresscox.com.au

CORPORATE ADVISERS

GMP Securities Australia Pty Ltd
Level 9
190 St Georges Tce
Perth WA 6000
Telephone: +61 8 6141 6300
Facsimile: +61 8 9226 1370

AUDITORS

Deloitte Touche Tohmatsu
(ABN 74 490 121 060)
11 Waymouth Street
Adelaide SA 5000
Telephone: +61 8 8407 7000
Facsimile: +61 8 8407 7001
www.deloitte.com.au

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IMPORTANT NOTICES

This document is a Target's Statement issued by Somerton Energy Limited (ACN 089 956 150) under part 6.5 division 3 of the Corporations Act in response to a Bidder's Statement and Supplementary Bidder's Statement issued by Cooper Energy Limited (ACN 096 170 295). A copy of this Target's Statement was lodged with ASIC and given to the ASX on Thursday 3 May 2012. Neither ASIC nor ASX, nor any of their respective officers take any responsibility for the content of this Target's Statement.

DEFINED TERMS

A number of defined terms are used in this Target's Statement. These terms are explained in the definitions in section 12.1.

FORWARD LOOKING STATEMENTS

This Target's Statement contains forward looking statements. The forward looking statements in this Target's Statement reflect views held at the date of this Target's Statement.

You should be aware that such statements involve inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and those deviations are both normal and to be expected. None of Somerton, its officers or any person named in this Target's Statement with their consent, or involved in the preparation of this Target's Statement, makes any representation or warranty as to the accuracy or likelihood of fulfilment of any forward looking statement. You should not place undue reliance on those statements.

PRIVACY STATEMENT

Somerton has collected your information from the register of Shareholders. The Corporations Act permits that information to be made available to certain persons, including Cooper. Your information may also be disclosed on a confidential basis to Somerton's related bodies corporate and external service providers and may be required to be disclosed to regulatory parties such as ASIC. You can contact us for details of information held by us about you.

SHAREHOLDER INFORMATION

Somerton has established a shareholder information line which Somerton shareholders may call if they have any queries in relation to the Offer. The telephone number for the Somerton Information Line is 1800 704 395 (within Australia) or +61-2- 8256 3393 (outside Australia) between 9am and 5pm (AEST) Monday to Friday.

IMPUTED VALUE

The value of the Offer is an imputed value based upon the closing price of the Cooper Shares on the date immediately before this Target's Statement went to print. Accordingly, the value is subject to any fluctuation in the market price of Cooper's Shares.

THIRD PARTY INFORMATION

Whilst Somerton has undertaken substantial reviews of the information provided to it by Cooper and other third parties in respect of the Offer and the business operations of Cooper as outlined in the Bidder's Statement, such information has not been independently verified. Accordingly, Somerton, its officers, associates and any other person named in this Target's Statement do not make any representations or warranties as to the accuracy or completeness of any information contained in the Bidder's Statement (whether reproduced in this Target's Statement) or any other information in respect of Cooper and its business operations, save as required by the Corporations Act.

NO ACCOUNT OF PERSONAL CIRCUMSTANCES

This Target's Statement does not take into account your individual investment objectives, financial situation or particular needs. It does not contain personal advice. This Target's Statement should not be relied on as the sole basis for any investment decision in relation to Somerton Shares. The Directors encourage you to obtain independent legal, financial and taxation advice before deciding whether to reject or accept the Offer.

LETTER FROM NON-EXECUTIVE DIRECTOR

3 May 2012

DEAR SHAREHOLDER

TAKEOVER BID BY COOPER ENERGY LIMITED

This Target's Statement contains your Voting Directors¹ formal response to the Offer and sets out in detail your Voting Directors' reasons for recommending that you **ACCEPT** the Offer, in the absence of a Superior Proposal. The Voting Directors have formed this view having regard to a number of factors, including the following:

- The Offer represents a significant premium to Somerton's recent trading prices.
- The Merged Entity will hold a very strong position in the Otway Basin.
- Somerton shareholders will have exposure to a more diversified asset base, including existing production assets.
- The Merged Entity will have significant cash reserves of approximately \$57 million to \$70 million to fund future exploration and development activities².
- Somerton shareholders are likely to enjoy the benefits of a larger combined entity including greater share trading liquidity.
- The Merged Entity will benefit from the combined management depth and technical expertise of Cooper and Somerton.
- As at the date of this Target's Statement, no Superior Proposal has been received by the Board of Somerton and the Board is not aware of any party having an intention to make such a proposal.
- The risk of being a minority shareholder in Somerton.

Each of the Directors, along with several other Shareholders, has entered into a pre-bid acceptance agreement, agreeing to unconditionally accept the Cooper Offer in respect of Somerton Shares they own or control³.

The Board encourages shareholders to read this Target's Statement and the Bidder's Statement in their entirety, and to consider the Cooper Offer having regard to their own personal risk profile, investment strategy and tax position.

The Cooper Offer is scheduled to close at 7.00pm (AEST) on Thursday 7 June 2012 (unless extended). To accept the Cooper Offer, simply follow the instructions set out in section 5 of Part 9 of the Bidder's Statement. If you have any further queries in relation to the Cooper Offer, please call the Somerton Information Line on 1800 704 395 (within Australia) or +61-2- 8256 3393 (outside Australia) between 9am and 5pm (AEST) Monday to Friday.

Your Board will continue to keep you informed of all material developments relating to the Cooper Offer.

Yours sincerely

Somerton Energy Limited



Peter Mullins
Non-executive Director

Mr Robert Kennedy has abstained from making a recommendation due to being the non-executive Chairman of both Somerton and its largest shareholder Beach Energy Limited.

² The cash position of the Merged Entity following completion may vary dependent upon the number of participants who accept the cash plus scrip alternative. Refer to the pro forma balance sheets in section 4 of Part 6 of the Bidder's Statement

³ Notwithstanding note 1 above, Mr Robert Kennedy has entered into a pre-bid acceptance agreement in respect of all shares owned or controlled by him. Mr Gordon's pre-bid acceptance agreement does not include the 1,000,000 Somerton Shares issued to him on 23 April 2012 (which was following the date of his pre-bid acceptance agreement) upon the exercise of certain Incentive Rights.

WHAT SHOULD YOU DO?

YOU SHOULD READ THIS TARGET'S STATEMENT.

The Voting Directors recommend, in the absence of a Superior Proposal, you ACCEPT the Cooper Offer for all of the Somerton Shares you hold. Your Directors have agreed to ACCEPT the Cooper Offer for Somerton Shares they own or control⁴.

To ACCEPT the Cooper Offer, you should complete the acceptance form in the Cooper Bidder's Statement and return it in the envelope provided in accordance with the instructions in the Bidder's Statement.

If you have any questions, please call Somerton Information Line on 1800 704 395 (within Australia) or +61-2- 8256 3393 (outside Australia) between 9am and 5pm (AEST) Monday to Friday.

KEY DATES

EVENT	DATE
Cooper Offer announced	19 April 2012
Record Date	1 May 2012
Target's Statement lodged with ASIC and ASX	3 May 2012
Date of Offer (Offer opens)	7 May 2012
Offer closes (unless extended)	7 June 2012

The Cooper Offer will be open until 7pm AEST on Thursday, 7 June 2012 (unless the Offer is withdrawn or extended). Shareholders should note that once they have accepted the Offer, they will not be able to withdraw their acceptance even if a Superior Proposal is received unless the limited rights of withdrawal of acceptances under the Corporations Act apply. Such a withdrawal right will arise if, after you have accepted the Offer, Cooper varies the Offer in a way that postpones, for more than a month, the time when Cooper has to meet its obligations under the Offer (for example, if Cooper extends the Offer for more than 1 month while the Offer remains conditional). Your acceptance will automatically be void if any of the conditions precedent at Section 7 of Part 9 of the Bidder's Statement are not fulfilled or waived by Cooper by the end of the Offer Period.

⁴ Refer to note 3 in respect of Mr Gordon's pre-bid acceptance agreement.

1.1 THE COOPER OFFER REPRESENTS A SIGNIFICANT PREMIUM TO SOMERTON'S RECENT TRADING PRICES

- The Cooper Offer represents a significant and attractive premium to the trading price of Somerton Shares prior to the Announcement Date.
- The Cooper Offer, based on Cooper's closing price prior to the Announcement Date values Somerton at approximately \$0.218 per Somerton Share (All Shares Alternative) and \$0.219 (Shares and Cash Alternative) and represents:
 - » a 56% premium to the last traded price of Somerton Shares on the same day; and
 - » a 46% premium to the VWAP of Somerton Shares in the 30 trading days prior.
- Your Voting Directors believe the premiums implied by the Cooper Offer are significant and reflect an appropriate value for control.
- Somerton Shareholders should be aware that the Cooper share price is likely to fluctuate and therefore, the value of the scrip consideration under the Cooper Offer will also be likely to change. Somerton Shareholders can obtain information about the latest Cooper share price from the ASX website at www.asx.com.au (ASX code COE).
- The closing price of Cooper on 1 May 2012 (being the date immediately before this Target's Statement went to print) of \$0.565 values Somerton at approximately \$0.202 per Somerton Share (All Shares Alternative) and \$0.209 (Shares and Cash Alternative).

1.2 SIGNIFICANT ACREAGE POSITION IN THE OTWAY BASIN

- The Merged Entity will have an interest in 6 tenements covering 8,352 km² (gross) acres in the Otway Basin. The combination of complementary acreage positions ensures the Merged Entity is in a very strong position to benefit from emerging plays in this region.

1.3 EXPOSURE TO A MORE DIVERSIFIED ASSET BASE, INCLUDING EXISTING PRODUCTION ASSETS

- The combination of Somerton and Cooper will create a larger company with a diversified portfolio of conventional and unconventional petroleum assets.
- The Merged Entity will have a strong mix of production, development and exploration assets.
- The Merged Entity will have petroleum assets in the Cooper Basin and Otway Basin in Australia, along with petroleum assets in Tunisia, Indonesia and Poland.

1.4 STRENGTHENED FINANCIAL POSITION TO FUND FUTURE GROWTH

- The Merged Entity will have greater financial capacity to fund the exploration and development of Somerton's assets.
- If the Cooper Offer is successfully completed, the Merged Entity will have significant net cash reserves of approximately \$57 million to \$70 million to fund future exploration and development activities⁵.

1.5 SHAREHOLDERS ARE LIKELY TO ENJOY THE BENEFITS OF A LARGER COMBINED ENTITY

- The combined pro forma market capitalisation of Somerton and Cooper, assuming the successful completion of the acquisition of 100% of Somerton, will be in the range of approximately \$197 million to \$210 million⁶. The prospective increase in scale is anticipated to provide a number of benefits to Somerton Shareholders, including:
 - » **Increased liquidity:** Somerton Shareholders may benefit from holding more liquid shares in the form of Cooper Shares, due to the increase in capitalisation of the Merged Entity.
 - » **Enhanced ability to access financing:** the Merged Entity is likely to benefit from an enhanced ability to source future equity capital as a result of its increased scale and more diversified asset base.

⁵ The cash position of the Merged Entity following completion may vary dependent upon the number of participants who accept the Share and Cash Alternative. Refer to the pro forma balance sheets in section 4 of Part 6 of the Bidder's Statement.

⁶ The above band provides the total market capitalisation range for a 100% acceptance of both the Shares and Cash Alternative and the All Shares Alternative based on a Cooper share price of \$0.61. The total market capitalisation of the Merged Entity will depend upon the number of participants who accept the Shares and Cash Alternative versus the All Shares Alternative.

- » Increased market interest: the increased scale and more diversified asset base of the Merged Entity may generate broader investor interest and analyst coverage

1.6 THE MERGED ENTITY WILL HAVE ACCESS TO ADDITIONAL MANAGEMENT DEPTH AND EXPERTISE

- The Merged Entity will benefit from the combined talent of both organisations. Somerton Shareholders will benefit from the expanded management team and improved access to technical and commercial resources of the Merged Entity.

1.7 MAJOR SHAREHOLDERS INTEND TO ACCEPT THE COOPER OFFER AND NO SUPERIOR PROPOSAL HAS EMERGED

- A number of Somerton's largest shareholders have entered into pre-bid acceptance agreements with Cooper in respect of 19%⁷ of the issued Somerton Shares, being:
 - » Peter J Woodford, who holds an 18.15% interest in Somerton through an entity he owns or controls, whereby he has agreed to accept the Cooper Offer in respect of 18,228,274 of his shares, representing 12.8%⁸ of Somerton's issued capital as at the Announcement Date; and
 - » Chesser Nominees Pty Ltd, Mr Hector Gordon, Triple Eight Gold Pty Ltd⁹, Icon Holdings Pty Ltd, RBW Exploration Pty Ltd, Peter and Frances Mullins and Garrick Higgins, who have all agreed to the Cooper Offer in respect of Shares they hold in Somerton, which total 8,844,188 Somerton Shares representing 6.2% of the issued Somerton Shares¹⁰.
- As at the date of this Target's Statement, no Superior Proposal has been received by the Board of Somerton and the Board is not aware of any party having an intention to make such a proposal.

1.8 THE RISK OF BEING A MINORITY SHAREHOLDER IN SOMERTON

- If you do not accept the Cooper Offer and Cooper closes the Offer before it receives acceptances resulting in it being entitled to at least 90% of all Somerton Shares, it is possible that the Bidder may waive the minimum acceptance condition. In that instance you would remain a minority Somerton Shareholder. The possible implications of being a minority shareholder following the closure of the Offer include:
 - » it is unlikely the Somerton Share price would include any takeover premium;
 - » the liquidity of Somerton Shares may be lower than at present.

1.9 DIRECTORS HAVE AGREED TO ACCEPT THE COOPER OFFER

- Each Director who has a Relevant Interest in Somerton entered into a pre-bid acceptance agreement with Cooper on 19 April 2012, agreeing to accept the Cooper Offer in respect of the Somerton Shares they own or control¹¹.
- The interests of each Director are set out at section 9 of this Target's Statement.

⁷ As at the date of this Target's Statement Cooper's interest is 18.82% following the issue of 1,000,000 Shares to Hector Gordon on 23 April 2012 upon the exercise of certain Incentive Rights

⁸ Correct as at the date of the pre-bid acceptance agreement, being prior to the issue of 1,000,000 Somerton Shares to Hector Gordon pursuant to the exercise of certain of his Incentive Rights. The total percentage of Somerton Shares owned or controlled by Peter J Woodford, being the subject of the pre-bid acceptance, is 12.71% as at the date of this Target's Statement

⁹ An entity owned or controlled by Robert Kennedy

¹⁰ The percentage holdings represented in the pre-bid acceptance agreements were correct as at the Announcement Date, being 19 April 2012, and therefore prior to the exercise of 1,000,000 incentive rights by Hector Gordon on 23 April 2012

Notwithstanding Mr Robert Kennedy's position as Chairman of Beach Energy Limited, Mr Kennedy does not have a Relevant Interest in the Somerton Shares held by Beach Energy Limited. Further, Mr Gordon's pre-bid acceptance agreement does not include 1,000,000 Somerton Shares issued to him on 23 April 2012 (which was following the date of his pre-bid acceptance agreement) upon the exercise of certain Incentive Rights

1.10 WHY YOU MAY CONSIDER NOT ACCEPTING THE COOPER OFFER

- Except in the limited circumstances provided for in the Corporations Act, accepting the Cooper Offer will preclude Somerton Shareholders from:
 - » accepting a Superior Proposal from a third party should one emerge during the Offer Period; or
 - » selling their Shares on market.
- Both offers provide that shareholders are being offered Cooper shares at a fixed ratio regardless of the price each trades at. If Somerton Shareholders accept the Cooper Offer (either the All Shares Alternative of the Shares and Cash Alternative), they are exposed to any fall in Cooper's share price even if the Cooper share price falls by a greater percentage than the Somerton Share price.
- If Cooper and Somerton become the Merged Entity, you may be exposed to new risks associated with having an interest in Cooper's assets such as those set out at section 1 of Part 7 of the Bidder's Statement.
- It is a condition of the Merger Implementation Agreement that Somerton terminates its strategic alliance with Beach Energy which will result in Somerton no longer having access to any benefit under that agreement (which agreement provided the framework for joint activities between Beach Energy and Somerton in respect of the onshore Otway and Gippsland Basins).
- The Bonaparte Basin option agreement with Beach Energy provides that Beach may terminate the option agreement if there is a change of control of Somerton and, accordingly, if the Cooper Bid is successful the option may be lost.
- You may not wish for your equity interest in Somerton's assets to be diluted, which may occur if Cooper and Somerton become a Merged Entity. However, this should be weighed against the benefits of receiving an interest in Cooper's assets.
- There may be tax consequences for Somerton Shareholders who accept the Cooper Offer which may include tax payable on any gain on the disposal of your Somerton Shares. Whilst a general overview of the tax consequences of accepting the Cooper Offer is set out in section 5.5 of this Target's Statement, Somerton shareholders should seek their own professional advice regarding the individual tax consequences applicable to them.

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FREQUENTLY ASKED QUESTIONS ABOUT THE COOPER OFFER

The process governing takeovers is complex. This section of the Target's Statement is designed to help you understand some of the issues relating to the Cooper Offer.

QUESTION	ANSWER	FURTHER INFORMATION
Who is Cooper?	Cooper is an oil and gas exploration and production company headquartered in Perth, Western Australia. Since listing on the ASX in March 2002, the company has assembled a portfolio of exploration and production assets centred around the Otway and Cooper Basins in South Australia along with a number of international production and exploration assets, primarily in Indonesia, Poland and Tunisia.	Part 3 of the Bidder's Statement
What is the Cooper Offer?	Cooper has made an offer for all of the issued capital of Somerton. The offer consists of two separate options for your Somerton Shares, namely: 1. one Cooper Share for every 2.8 of your Somerton Shares (All Shares Alternative); or 2. one Cooper Share for every 4.73 of your Somerton Shares plus 9 cents for each one of your Somerton Shares (Shares and Cash Alternative).	Section 4
May I accept for only some of my Somerton Shares?	If you intend on accepting the Offer, it must be for all of the Somerton Shares that you own.	Part 1 of the Bidder's Statement
What happens if I am entitled to a fraction of a Cooper Share under the Offer?	If, by accepting the Offer, you become entitled to a fractional interest in a Cooper Share, that interest will be rounded up to the nearest whole number.	Part 9 of the Bidder's Statement
What do your Directors recommend?	Your Voting Directors recommend you ACCEPT the Cooper Offer in the absence of a Superior Proposal.	Section 3
What do I do to accept the Cooper Offer?	Details of how to accept the Cooper Offer are set out in section Section 5 of Part 9 of the Bidder's Statement.	Part 9 of the Bidder's Statement
What are my options?	You have the following choices: (a) If you want to accept the Cooper Offer, follow the instructions in section 5 of Part 9 of the Bidder's Statement. (b) If you want to reject the Cooper Offer, do nothing. (c) You may sell your Somerton Shares on market (unless you have previously accepted the Cooper Offer and you have not validly withdrawn your acceptance).	Section 4
Can I accept the Offer if I am a foreign Shareholder?	Yes, however if you are an Ineligible Foreign Shareholder you will not be entitled to receive Cooper Shares as part of the consideration. Refer to Section 6.5 of Part 9 of the Bidder's Statement on how the Offer applies to foreign shareholders.	Part 9 of the Bidder's Statement

QUESTION	ANSWER	FURTHER INFORMATION
What are the consequences of accepting the Cooper Offer now?	<p>If you accept the Cooper Offer while it is still conditional, you will not be able to sell your Somerton Shares on the ASX or to any other bidder that may make a takeover offer, or deal with your Somerton Shares in any other way while the Cooper Offer remains open.</p> <p>You may only withdraw your acceptance if Cooper extends the Offer Period by more than one month and the Offer remains subject to the Conditions at the time.</p> <p>If the Conditions of the Cooper Offer are not satisfied or waived and the Cooper Offer lapses, you will then be free to deal with your Somerton Shares, even if you accepted the Cooper Offer.</p> <p>If you accept the Cooper Offer and Cooper subsequently raises its Offer Price, you will receive the higher price.</p>	Section 5
When do I have to decide?	<p>If you want to accept the Cooper Offer, you must do so before the end of the Offer Period.</p> <p>Cooper has stated that the Offer will remain open until Thursday, 7 June 2012, unless extended or withdrawn.</p> <p>If you do not want to accept the Cooper Offer, you need not do anything.</p>	Section 4
What are the conditions of the Offer?	<p>The Cooper Offer is subject to the following Conditions:</p> <ul style="list-style-type: none"> (a) Cooper obtaining a Relevant Interest in 90% of the Somerton Shares on issue; (b) all necessary regulatory approvals have been obtained and remain in effect at the end of the Offer Period; (c) there are no regulatory actions relating to the Offer commenced before the end of the Offer Period; and (d) no events specified in Schedule 1 of the Merger Implementation Agreement occurring. <p>This is only a summary of the Conditions. See section 4.4 of this Target's Statement for further details about the Conditions and refer to Section 7 Part 9 of the Bidder's Statement for full details of all Conditions.</p> <p>If the conditions of the Cooper Offer are not satisfied or waived before the Cooper Offer closes, the Cooper Offer will lapse and all contracts resulting from the acceptance of the Offer will be void. You will then be free to deal with your Somerton Shares as if the Cooper Offer had not been made, unless you have already sold your Somerton Shares to someone else.</p>	Section 4.4

QUESTION	ANSWER	FURTHER INFORMATION
When will Cooper advise as to the status of the conditions?	<p>Section 7.5 of Part 9 of the Bidder's Statement indicates that the Bidder will give a Notice of Status of Conditions on the day that is 7 days before the end of the Offer Period or an extended date as permitted by the Corporations Act should the Offer Period be extended.</p> <p>Cooper is required to set out in this Notice of Status of Conditions:</p> <ul style="list-style-type: none"> • whether the Offer is free of the Conditions; • whether, so far as Cooper knows, the Conditions have been fulfilled on the date the notice is given; and • Cooper's voting power in Somerton. 	Section 4.5
What happens if I do nothing?	<p>You will remain a Somerton Shareholder unless Cooper receives acceptances in respect of 90% or more of Somerton Shares in which case Cooper will be able to compulsorily acquire all remaining Somerton Shares which it does not hold.</p> <p>If all the conditions of the Cooper Offer are satisfied or waived (and Cooper receives acceptances in respect of at least 90% of Somerton Shares), Cooper intends to compulsorily acquire your Somerton Shares.</p>	Section 4.14
When does the Cooper Offer close?	The Cooper Offer will close on Thursday, 7 June 2012, unless it is extended or withdrawn.	Section 4.3
Can Cooper vary the Cooper Offer?	<p>Yes, Cooper can vary the Cooper Offer by waiving the Conditions, extending the Offer Period or increasing the Offer Price.</p> <p>If you accept the Cooper Offer, you may only withdraw your acceptance if Cooper varies the Cooper Offer where:</p> <ul style="list-style-type: none"> • the Cooper Offer remains subject to a defeating condition; and • the time by which Cooper has to meet its obligations under the Cooper Offer is postponed for more than 1 month. 	Section 4.13
What if there is a Competing Proposal?	<p>Your Voting Directors will carefully consider the merits of any Competing Proposal and send you supplementary information advising whether the Competing Proposal affects their recommendation.</p> <p>If you have already accepted the Cooper Offer, then you may not be able to participate in any Competing Proposal.</p>	Section 4.7
What if I have other questions about the Offer?	If you have any questions, please call the Somerton Information Line on 1800 704 395 (within Australia) or +61-2- 8256 3393 (outside Australia) between 9am and 5pm (AEST) Monday to Friday, or visit Somerton's website at www.somertonenergy.com.au .	-

3.1 HECTOR GORDON AND PETER MULLINS' RECOMMENDATION

After taking into account the terms of the Cooper Offer (set out in the Bidder's Statement) and the matters in this Target's Statement, your Voting Directors, Hector Gordon and Peter Mullins, recommend that you accept the Cooper Offer in the absence of a Superior Proposal.

Principally, these reasons are set out in the section entitled 'Why you should accept the Cooper Offer'.

If you accept the Cooper Offer and Cooper subsequently raises its Offer Price, you will receive the higher price.

Robert Kennedy has abstained from making a recommendation due to his non-executive chairmanship of Beach as Beach is a 55.82% shareholder in Somerton.

The Voting Directors encourage Somerton Shareholders to read this Target's Statement carefully.

3.2 DIRECTORS' INTENTIONS

Hector Gordon, Peter Mullins and Robert Kennedy have agreed to accept the Cooper Offer for Somerton Shares held or controlled by them.

Details of the Relevant Interests of each Director in Somerton Shares are set out in section 9.1.

In respect of the Incentive Rights held by Mr Gordon, Somerton has agreed to give notice to Mr Gordon setting out that Mr Gordon may exercise his Incentive Rights within 2 Business Days of receiving notice from Cooper that Cooper, together with its Associates has acquired a Relevant Interest of at least 90% in Somerton or that the Cooper Offer has become unconditional. Mr Gordon has provided Somerton with an irrevocable undertaking to exercise the Incentive Rights within 2 Business Days of receiving the notice from Somerton. Mr Gordon intends to accept the Cooper Offer in respect of all the Somerton Shares he receives upon exercise of the Incentive Rights in the absence of a Superior Proposal (see section 9.1 below).

If Cooper acquires a Relevant Interest in 90% or more of Somerton Shares and waives any other applicable Offer conditions, it has agreed to appoint Hector Gordon as an executive director. Mr Gordon does not consider that the agreement regarding his appointment gives rise to any material conflict of interest. Please see section 9.4 of this Target's Statement below for further details.

4.1 HISTORY

On 18 April 2012 Cooper and Somerton entered into a Merger Implementation Agreement setting out the terms of the proposed Cooper Offer¹². On 19 April 2012, Cooper and Somerton released a joint announcement in relation to Cooper's intention to make an off-market takeover bid for all of Somerton's Shares. On 30 April 2012, Cooper lodged its Bidder's Statement with ASIC and gave a copy to Somerton. On 3 May 2012, Cooper lodged a Supplementary Bidder's Statement with ASIC and gave a copy to Somerton.

The Cooper Bidder's Statement sets out the terms of the Cooper Offer.

4.2 SUMMARY OF THE COOPER OFFER

The Cooper Offer is to acquire all of your Somerton Shares as follows:

1. one Cooper Share for every 2.8 of your Somerton Shares (All Shares Alternative); or
2. one Cooper Share for every 4.73 of your Somerton Shares plus 9 cents for each one of your Somerton Shares (Shares and Cash Alternative).

4.3 OFFER PERIOD

The Cooper Offer will remain open for acceptance until Thursday, 7 June 2012, unless extended or withdrawn under the Corporations Act.

4.4 CONDITIONS OF THE COOPER OFFER

The Cooper Offer is subject to those Conditions set out in full in section 7 of Part 9 of the Bidder's Statement, which are summarised below:

MINIMUM ACCEPTANCE CONDITION

Before the close of the Offer Period Cooper and its Associates have Relevant Interests in at least 90% (by number) of all issued Somerton Shares.

NO PRESCRIBED OCCURRENCES

That during the period from the date that the Offer is announced to the close of the Offer Period (each inclusive), none of the events or circumstances referred to in sections 652C(1) and (2) of the Corporations Act, happens to Somerton.

CONDUCT OF SOMERTON'S BUSINESS

None of the following events occurs during the Offer Period without the prior written consent of Cooper:

- (a) Somerton or a subsidiary of Somerton makes a change in its constitution or passes a special resolution;
- (b) Somerton or a subsidiary of Somerton borrows

or agrees to borrow any money (except for temporary borrowing from its bankers in the ordinary course of its business);

- (c) Somerton or a subsidiary of Somerton releases, discharges or modifies a substantial obligation to it of any person, firm or corporation, or agrees to do so;
- (d) Somerton or a subsidiary of Somerton appoints any additional director to its board of directors whether to fill a casual vacancy or otherwise;
- (e) Somerton or a subsidiary of Somerton enters into or agrees to enter into any contract of service or varies or agrees to vary any existing contract of service with any director or manager; or pays or agrees to pay any retirement benefit or allowance to any director, manager or other employee, or makes or agrees to make any substantial change in the basis or amount of remuneration of any director, manager or other employee (except as required by law or provided under any superannuation, provident or retirement scheme as in effect on 19 April 2012);
- (f) Somerton or a subsidiary of Somerton conducts its business otherwise than in the ordinary course;
- (g) Somerton or a subsidiary of Somerton creates or agrees to create, any mortgage, charge, lien or other encumbrances over the whole, or a substantial part, of its business or property, other than for any hire purchase agreement or similar arrangement which is entered into on or after 19 April 2012 in connection with the purchase of any single item of plant and equipment for less than \$500,000;
- (h) Somerton or a subsidiary of Somerton increases the total remuneration for its employees by greater than 5% or otherwise varies the employment arrangements with any of its employees;
- (i) Somerton or a subsidiary of Somerton increases the remuneration of its non-executive directors or otherwise varies the employment arrangements with any of its non-executive directors;
- (j) Somerton or a subsidiary of Somerton accelerates the rights of any of its non-executive directors, senior executives or employees to compensation or benefits of any kind (including under any Somerton executive or employee share plans) other than pursuant to the vesting of the Incentive Rights;
- (k) Somerton or a subsidiary of Somerton pays any

¹² The Merger Implementation Agreement is disclosed at Schedule 2 of the joint Cooper and Somerton announcement of 19 April 2012.

of its non-executive directors, senior executives or employees a termination or retention payment (otherwise than in accordance with a contract in place at 19 April 2012);

- (l) Somerton or a subsidiary of Somerton waives any material third party default; or
- (m) Somerton or a subsidiary of Somerton makes any changes to its accounting practices or policies, other than to comply with generally accepted Australian accounting standards and any domestically accepted international accounting standards or electing to form a consolidated group for the purposes of the Income Tax Assessment Act 1997 (Cth).

MATERIAL ACQUISITIONS AND DISPOSALS

None of the following events occurs during the Offer Period without the prior written consent of Cooper:

- (a) Somerton or a subsidiary of Somerton acquires, offers to acquire or agrees to acquire an interest in one or more assets for an amount in aggregate greater than \$500,000;
- (b) Somerton or a subsidiary of Somerton disposes, offers to dispose or agrees to dispose of one or more assets (or an interest in one or more assets) for an amount in aggregate greater than \$500,000;
- (c) Somerton or a subsidiary of Somerton enters into or offers to enter into any joint venture or partnership involving a commitment of greater than \$500,000; or
- (d) other than in the ordinary course of business, Somerton or a subsidiary of Somerton incurs, or commits to, or grants to another person, a right, the exercise of which would involve Somerton or a subsidiary of Somerton incurring or committing to any capital expenditure or liability for one or more related items of greater than \$500,000.

WITHDRAWAL OF SOMERTON SUPPORT

During the Offer Period:

- (a) the Somerton Board does not make any public statement that it no longer supports the Bid; or
- (b) a member of the Somerton Board does not withdraw his recommendation previously made or indicate that he or any associate of his does not intend to accept the Offer.

NO ACTION BY GOVERNMENTAL AGENCY ADVERSELY AFFECTING THE BID

During the Offer Period:

- (a) there is not in effect any preliminary or final decision, order or decree issued by a Governmental Agency;
- (b) no action or investigation is instituted, or threatened with respect to Somerton or any subsidiary of Somerton; and
- (c) no application is made to any Governmental Agency,

in consequence of, or in connection with the Bid which restrains, prohibits or impedes or threatens to restrain, prohibit or impede, or may otherwise materially adversely impact upon the making of the Bid or the completion of any transaction contemplated by the Bid or seeks to require the divestiture by Cooper of any Somerton Shares or the divestiture of any assets by Somerton or any subsidiary of Somerton or by Cooper or any subsidiary of Cooper.

EQUAL ACCESS TO INFORMATION

Between the Announcement Date and the close of the Offer Period (each inclusive), Somerton promptly (and in any event within two business days) provides to Cooper a copy of all information that is not generally available (within the meaning of the Corporations Act) relating to Somerton or any related body corporate of Somerton or any of their respective officers, employees, advisers or agents that has been provided to any person (other than Cooper) for the purpose of soliciting, encouraging or facilitating a proposal or offer by that person, or any other person, in relation to a transaction under which:

- (a) any person (together with its associates) may acquire voting power of 10% or more in Somerton (whether by way of takeover bid, compromise or arrangement under Part 5.1 of the Corporations Act, or otherwise);
- (b) any person may acquire, directly or indirectly (including by way of joint venture, dual listed company structure or otherwise), any interest in all or a substantial part of the business or assets of Somerton or of any related body corporate of Somerton; or
- (c) that person may otherwise acquire control, of or merge or amalgamate with, Somerton.

APPROVALS BY GOVERNMENTAL AGENCY

Before the close of the Offer Period, all regulatory approvals or consents that are required by law, regulation or regulatory policy as are necessary to permit:

- (a) the Offer to be lawfully made to and accepted by holders of Somerton Shares in all applicable jurisdictions;
- (b) the acquisition of Somerton Shares by Cooper; or
- (c) completion of the transactions contemplated by the Bidder's Statement, including the full, lawful and effectual implementation of the intentions set out in the Bidder's Statement,

are granted, given, made or obtained on an unconditional basis, remain in full force and effect, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew.

NO MATERIAL FAILING IN FILINGS

During the Offer Period, Cooper does not become aware of any document filed by or on behalf of Somerton with ASX or ASIC containing a statement which is incorrect or misleading in any material particular or from which there is a material omission (in such circumstance, materiality being determined by reference to the business and assets of Somerton taken as a whole).

NON-EXISTENCE OF CERTAIN RIGHTS

No person has any right (whether subject to conditions or not) as a result of the acquisition of all the Somerton Shares by Cooper pursuant to the Bid to:

- (a) acquire, or require Somerton or a subsidiary of Somerton to dispose of, or offer to dispose of, any material asset of Somerton or a subsidiary of Somerton;
- (b) terminate or vary any material agreement with Somerton or a subsidiary of Somerton; or
- (c) accelerate or adversely modify the performance of any obligations of Somerton or any of its subsidiaries in a material respect under any material agreements, contracts or other legal arrangements.

NO MATERIAL ADVERSE CHANGE TO SOMERTON

No 'specified event' occurs which has or could reasonably be expected to have, a materially adverse effect on the:

- (a) permits, assets, liabilities, financial position, performance, profitability or prospects of Somerton and/or its subsidiaries taken as a whole or any of them; or
- (b) status or terms of (or rights attaching to) any material approvals from any Governmental Agency applicable to Somerton, any of its subsidiaries or any of their permits,

including:

- (c) any creditor demanding repayment of a debt of \$500,000 or more;
 - (d) any person accelerating or adversely modifying the performance of any obligation of Somerton or any of its subsidiaries under any material agreements, contracts or other legal arrangements; and
 - (e) any permit not being renewed on normal commercial terms,
- but does not include any change:
- (f) fairly disclosed to Cooper on or before 19 April 2012 (including as a result of disclosures made to ASX);
 - (g) occurring as a result of any matter, event or circumstance required by the Merger Implementation Agreement, the Bid or the transactions contemplated by them; or
 - (h) approved in writing by Cooper.

For the purposes of this section, a 'specified event' is:

- (i) an event or occurrence that occurs or is discovered during the Offer Period;
- (ii) an event or occurrence that occurs prior to the Offer Period but is only announced or publicly disclosed on or after the date that the Offer is announced; or
- (iii) an event or occurrence that will or is likely to occur following the Offer Period and which has not been publicly announced prior to the date that the Offer is announced.

S&P/ASX 200 INDEX

During the Offer Period, the S&P/ASX 200 Index does not fall more than 20% below its level as at the Announcement Date.

TERMINATION OF STRATEGIC ALLIANCE

Prior to the expiry of the Offer Period, Beach Energy Limited and Somerton enter into a deed of termination in relation to the strategic alliance between them dated 13 August 2010 which is conditional only upon the minimum acceptance condition being satisfied and all other conditions of the Bid being either satisfied or waived.

Cooper may waive any of these Conditions under the Corporations Act.

4.5 NOTICE OF THE STATUS OF OFFER CONDITIONS

Section 7.5 of Part 9 of the Bidder's Statement indicates that Cooper will give a Notice of Status of Conditions to ASX and Somerton 7 days before the end of the Offer Period subject to variation in accordance with section 630(2) Corporations Act in the event that the Offer Period is extended.

Cooper is required to set out in its Notice of Status of Conditions:

- whether the Cooper Offer is free of any or all of the Conditions;
- whether, so far as Cooper knows, any of the Conditions have been fulfilled; and
- Cooper's voting power in Somerton.

4.6 CONSEQUENCES IF CONDITIONS NOT SATISFIED

If the Conditions are not satisfied or waived before the Cooper Offer closes, the Cooper Offer will lapse. This means that:

- (a) if you have accepted the Cooper Offer, your acceptance is void, you will continue to be a Somerton Shareholder and are free to deal with your Somerton Shares; or
- (b) if you have not accepted the Cooper Offer, you continue to be a Somerton Shareholder and are free to deal with your Somerton Shares.

4.7 MERGER IMPLEMENTATION AGREEMENT

(a) Exclusivity clauses

Somerton and Cooper have entered into a Merger Implementation Agreement (see Schedule 2 of the joint Cooper and Somerton announcement lodged with the ASX on 19 April 2012). Clause 6 of the Merger Implementation Agreement requires that Somerton must ensure that, before the End Date, Somerton, its associates, agents or advisors do not:

- (i) **"no talk"**
directly or indirectly participate in any discussions or negotiations, enter into any agreement, arrangement or understanding, or communicate any intention to do any of these things, with another person in relation to, or which might reasonably be expected to lead to, a Competing Proposal (clause 6.4); or
- (ii) **"non-solicitation"**
directly or indirectly solicit, invite, or facilitate, encourage or initiate any enquiries, negotiations, discussions or proposal, or communicate to any person any intention to do any of these things in relation to, or which may reasonably be expected to lead to, a Competing Proposal (clause 6.3).

(b) Exceptions to exclusivity limitations

The "no talk" and "non-solicitation" provisions at clauses 6.3 and 6.4 do not prevent the Somerton Board from doing anything or not doing anything, to the extent compliance with those obligations would, or would be reasonably likely to, in the opinion of the Somerton Board decided in good faith and based on the written legal opinion of its external legal counsel:

- (i) involve a breach of the fiduciary duties owed by any Director; and
- (ii) is or can reasonably be considered to become a Superior Proposal.

(c) Matching Right

Pursuant to clause 6.7 of the Merger Implementation Agreement, Somerton must immediately give notice in writing to Cooper of the material details of any Superior Proposal received by Somerton. Further, Somerton must not enter into any binding agreement in respect of the Superior Proposal until 5 Business Days after notice has been provided to Cooper to allow Cooper, at Cooper's discretion, to make a counterproposal.

4.8 TERMINATION OF MERGER IMPLEMENTATION AGREEMENT BY COOPER

Cooper may terminate the Merger Implementation Agreement if, during the Offer Period:

- (a) a Competing Proposal is made and:
 - (i) the maker of the Competing Proposal (together with its associates) acquires a relevant interest in more than 10% of the Somerton Shares; and
 - (ii) the Competing Proposal becomes unconditional; or
- (b) Somerton, or a Somerton Voting Director, breaches the Merger Implementation Agreement, including a contravention of clause 6, by:
 - (i) failing to recommend unanimously¹³ the Bid (or any counter proposal, if applicable);
 - (ii) making a public statement that it no longer supports the Bid (or any counter proposal, if applicable);
 - (iii) withdrawing a recommendation previously made; or
 - (iv) any of the events specified in events set out in Schedule 1 of the Merger Implementation Agreement occur to Somerton;

Further, Somerton must pay Cooper a break fee equal to Cooper's costs and expenses incurred in connection with the negotiation, preparation, execution and implementation of the Offer up to a maximum of \$330,000.

4.9 TERMINATION OF MERGER IMPLEMENTATION AGREEMENT BY EITHER PARTY

Clause 8.1 of the Merger Implementation Agreement allows either Cooper or Somerton to terminate if:

- (a) a Superior Proposal is made or publicly announced for Somerton by a third party and a Somerton Director recommends the Superior Proposal;
- (b) the
 - (i) other party is in material breach of any provision of the Merger Implementation Agreement (e.g. where Somerton breaches the "no-talk" or "non-solicitation" provisions at clause 6 of the Merger Implementation Agreement);

- (ii) the party wishing to terminate has given written notice of its intention and setting out the relevant circumstances; and
 - (iii) the relevant circumstances continue to exist 10 Business Days from the time the notice is given;
- (c) Cooper withdraws the Bid or the Bid lapses for any reason, including for non-satisfaction of a Condition;
- (d) the Somerton Board withdraws its support for the Bid (or any counter proposal, if applicable) due to the existence of a Superior Proposal; or
- (e) any of the events specified in Schedule 4 of the Merger Implementation Agreement occur to Cooper.

4.10 SOMERTON'S RIGHTS ON TERMINATION OF MERGER IMPLEMENTATION AGREEMENT

Clause 7.3 of the Merger Implementation Agreement provides that Cooper must pay Somerton a break fee equal to Somerton's costs and expenses incurred in connection with the negotiation, preparation, execution and implementation of the Offer fixed at the sum of \$330,000 in the event that Cooper fails to proceed with the Bid except as a result of an event specified in section 4.8 or 4.9(b) above. For the avoidance of doubt, no break fee will be payable by reason only of the bid lapsing due to breach or non-fulfilment of any of the Conditions.

4.11 EFFECT OF ACCEPTANCE

The effect of acceptance of the Cooper Offer is set out in section 8 of part 9 of the Bidder's Statement. Somerton Shareholders should read that section in full to understand the effect that acceptance will have on their ability to exercise the rights attaching to their Somerton Shares and the representations and warranties they give by accepting the Cooper Offer.

If you accept the Cooper Offer you will not be able to sell your Somerton Shares on the ASX while the Cooper Offer remains open. You may only withdraw your acceptance if Cooper extends the Offer Period by more than one month.

¹³ For the purpose of this condition unanimously refers only to those directors who have not elected to abstain due to a material personal interest or actual or potential conflict of interest. For the avoidance of doubt, Mr Robert Kennedy has abstained from voting due to a potential conflict of interest in that he is non-executive Chairman of both Somerton and its largest shareholder Beach Energy Limited.

4.12 PAYMENT OF CONSIDERATION

Cooper has set out in section 6 of Part 9 of its Bidder's Statement the timing of the payment of the consideration to Somerton Shareholders who accept the Cooper Offer.

In general terms, you will receive the consideration to which you are entitled under the Cooper Offer by the earlier of:

- (a) one month after you accept the Cooper Offer or, if the Cooper Offer is subject to a Condition when accepted, one month after the contract resulting from your acceptance becomes unconditional; and
- (b) 21 days after the end of the Offer Period.

4.13 CHANGES TO THE COOPER OFFER

Cooper can vary the Cooper Offer by:

- (a) waiving the Conditions to the Cooper Offer;
- (b) extending the Offer Period; or
- (c) increasing the consideration offered under the Cooper Offer.

If you accept the Cooper Offer and Cooper subsequently increases its Offer Price, you are entitled to receive the higher price.

4.14 COMPULSORY ACQUISITION

Cooper has indicated in section 3 of Part 5 of its Bidder's Statement that, if it is entitled to do so, it will proceed to compulsorily acquire all remaining Somerton Shares.

Under section 661A Corporations Act, Cooper is entitled to compulsorily acquire any Somerton Shares for which it has not received an acceptance of the Cooper Offer on the same terms of the Cooper Offer if, during or at the end of the Offer Period, Cooper and its associates have a Relevant Interest in at least 90% (by number) of Somerton Shares.

The consideration per Somerton Share payable to Somerton Shareholders whose Shares are compulsorily acquired is the same as that payable under the Cooper Offer.

If Cooper is entitled to proceed to compulsory acquisition, it will have one month after the Offer Period to give compulsory acquisition notices to Somerton Shareholders who have not accepted the Cooper Offer. Somerton Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require them to establish to the satisfaction of a court that the terms of the Cooper Offer do not represent 'fair value' for the Somerton Shares.

If Cooper does not become entitled to compulsorily acquire Somerton Shares under section 661B of the Corporations Act, it may nevertheless become entitled to exercise the general compulsory acquisition power under Part 6A.2 of the Corporations Act in the future.

IMPLICATIONS AND RISKS ASSOCIATED WITH THE COOPER OFFER

5.1 INABILITY TO ACCEPT AN ALTERNATIVE OFFER IF ONE WERE TO EMERGE

Except under limited circumstances provided for in the Corporations Act, Somerton Shareholders who accept the Cooper Offer will not be able to accept an alternative offer, should any emerge. You may only withdraw your acceptance and accept an alternative offer if Cooper extends the Offer Period for more than one month and that offer remains subject to any condition at the time¹⁴.

5.2 VALUE OF COOPER SHARES

Somerton Shareholders who accept the Cooper Offer (whether you elect the All Shares Alternative or the Shares and Cash Alternative) will receive shares in Cooper in exchange for their Somerton Shares. The value of Cooper Shares will depend on the future performance of Cooper and the market price of Cooper securities from time to time.

5.3 DECREASE IN SOMERTON SHARE PRICE

The announcement of the Cooper Offer resulted in a material increase in the Somerton Share price. The Somerton Share price on the day immediately before the announcement was 14 cents and closed on the day immediately before this Target's Statement went to print at 20 cents.

While the change in the Somerton Share price may be due to reasons other than the Cooper Offer, the Voting Directors consider that the Somerton Share price may fall if the Offer is unsuccessful and no other offers emerge.

The latest price for Somerton Shares may be obtained from the ASX website at www.asx.com.au using the code "SNE".

5.4 EFFECTIVE CONTROL

In the event that Cooper receives greater than 50% acceptance in respect of the Offer but less than the minimum acceptance condition of 90% it is possible that Cooper may waive the minimum acceptance condition.

In the event that the minimum acceptance condition is waived, Cooper will have the ability to substantially control Somerton and may:

- (a) substantially change the nature of its business (subject to ASX listing rules);
- (b) seek to remove Somerton from the official list; and
- (c) remove and replace one or all of the current directors of Somerton;

amongst other things, subject to the Corporations Act.

5.5 TAXATION

BACKGROUND

This taxation advice summary provides a general description of the Australian taxation consequences for Somerton shareholders who dispose of their shares in Somerton pursuant to the Offer. This taxation summary does not take into account the specific circumstances of any particular Somerton shareholder, it is not, nor intended to be, taxation advice to any Somerton shareholder and should not be relied on as such.

This summary does not address the taxation consequences for:

- (a) Somerton shareholders who are subject to special tax rules (for example tax exempt entities, and insurance companies)
- (b) Somerton shareholders who acquired their Somerton Shares (or options to acquire Somerton Shares) in respect of their employment, or an associate's employment with Somerton or an associated company of Somerton; and
- (c) non-resident Somerton shareholders who hold their Somerton Shares through a permanent establishment in Australia.

All Somerton shareholders should seek their own independent professional advice regarding the taxation implications associated with the Offer. The following information is by reference to the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 as at April 2012 but is not intended to be an authoritative or complete statement of the applicable law.

AUSTRALIAN RESIDENT SHAREHOLDERS

Where a Somerton shareholder holds shares in the ordinary course of business and is considered a share-trader, the disposal of shares would be deemed to be on revenue account.

For Somerton share-traders who accept the Offer, the Australian income tax consequences are considered to be:

- (a) the share-trader will realise a profit or loss on disposal of the Somerton Shares;
- (b) a profit realised on disposal will be included in the assessable income of the share-trader where the proceeds received under the Offer exceeds the cost of the trading stock (shares);
- (c) a loss realised on disposal will be an allowable deduction where the proceeds received under the Offer are less than the cost of the trading stock (shares);

¹⁴ Section 650E, *Corporations Act 2011* (Cth).

- (d) the assessable amount will be taxed at the Somerton shareholder's marginal tax rate.

CAPITAL GAINS TAX (CGT) – AUSTRALIAN RESIDENTS

For all other shareholders, Somerton considers that the critical Australian income tax consequences for these Somerton shareholders who accept the Offer are:

- (a) there will be a CGT event at the time the Somerton shareholder accepts the Offer and the Somerton shareholder may make a capital gain or capital loss on their Somerton Shares;
- (b) a capital gain will arise where the consideration received under the Offer is greater than the cost base of their Somerton Shares. The consideration received is the sum of the market value of Cooper Shares at the time the Offer is accepted plus the cash component (if any);
- (c) a capital loss will arise if the consideration received is less than the reduced cost base of their Somerton Shares;
- (d) the cost base of Somerton Shares would generally be equal to the amount the relevant Somerton Shareholder paid to acquire the Somerton Shares which includes certain incidental costs (such as brokerage) of the acquisition;
- (e) a Somerton shareholder may be eligible to elect scrip for scrip CGT rollover relief to the extent that any capital gain relates to the capital proceeds comprising Cooper Shares (the cash component of the Offer is not eligible for CGT rollover);
- (f) any Somerton shareholder who is an individual, the trustee of a trust or a complying superannuation entity may be entitled to claim the CGT discount in calculating any capital gain provided that:
 - (i) the Somerton Shares were acquired at least 12 months before disposal to Cooper;
 - (ii) the CGT discount is applied to the capital gain after any available capital losses are first offset against that capital gain.

The CGT discount allows a Somerton shareholder who is an individual or the trustee of a trust to discount the capital gain by 50 per cent and include only the remaining 50 per cent of the capital gain in the assessable income of that individual or trust.

A Somerton shareholder that is a complying superannuation entity may discount the capital gain by 33⅓ per cent and include 66⅔ per cent of the capital gain in the assessable income of that complying superannuation entity.

The CGT discount is not available to a Somerton shareholder that is a company.

If a Somerton shareholder is eligible and chooses to apply the scrip for scrip rules, Cooper shares received by the Somerton shareholder should have a cost base equal to the cost base of the original Somerton Shares. This cost base will be relevant in determining any future capital gains tax liability on the subsequent disposal of the Cooper shares.

Where Cooper acquires at least 80% of the Somerton Shares, a Somerton shareholder may be eligible to elect for capital gains tax rollover relief to apply to their disposal of Somerton shares under the scrip for scrip rules so that any CGT payable on the disposal is deferred.

However, if the Offer becomes unconditional and Cooper does not receive acceptances for at least 80% of the Somerton Shares on issue, the rollover relief will not be available.

A Somerton shareholder that has an unrealised capital gain on the Somerton Shares will therefore realise a capital gain and may be liable to pay capital gains tax, if Cooper acquires less than 80% of Somerton Shares under the Offer.

At the time of accepting the Offer, Somerton shareholders may not necessarily be able to determine whether or not scrip for scrip rollover relief will be available and therefore may not be able to determine the extent of the taxable capital gain that may occur as a result of accepting the Offer.

NON-RESIDENT SHAREHOLDERS

Where a non-resident shareholder holds shares in the ordinary course of business and is considered a share-trader, the disposal of shares would be deemed to be on revenue account.

For non-resident share-traders who accept the Offer, the Australian income tax consequences are:

- (a) the share-trader will realise a profit or loss on disposal of the Somerton Shares;
- (b) a profit realised on disposal will be included in the assessable income of the share-trader where the proceeds received under the Offer exceeds the cost of the trading stock (shares);
- (c) a loss realised on disposal will be an allowable deduction, where the proceeds received under the Offer are less than the cost of the trading stock (shares).

The inclusion of any profit or loss realised on disposal in the share-trader's assessable income will be subject to the application of any double tax treaty relief that exists between Australia, and the contracting State to which the shareholder is deemed a resident.

CAPITAL GAINS TAX (CGT) – NON-RESIDENTS

For all other non-resident shareholders, any capital gain or loss as a result of acceptance of the Offer is only realised where:

- (a) the sum of the interests held in Somerton by the non-resident shareholder and their associates (as determined under Australian tax concepts) is greater than 10% and;
- (b) more than 50% of the value of the assets of Somerton is attributable to Australian real property which includes a mining, quarrying or prospecting right to minerals, petroleum or quarry materials situated in Australia.

The inclusion of any capital gain or loss realised on disposal will be subject to the application of any double tax treaty relief that exists between Australia and the Contracting State to which the shareholder is deemed a resident.

Scrip for scrip rollover relief for Somerton non-resident shareholders may be available where the replacement interest in Cooper meets the following factors;

- (a) the sum of the replacement interests held in Cooper by the non-resident shareholder and their associates (as determined under Australian tax concepts) is greater than 10% and;
- (b) more than 50% of the value of the assets of Cooper is attributable to Australian real property which includes a mining, quarrying or prospecting right to minerals, petroleum or quarry materials situated in Australia.

Where the interest held by the non-resident shareholder fails either of the abovementioned factors, acceptance of the Offer will not be subject to CGT implications. The non-resident would be subject to the relevant taxation law of their country of residence.

STAMP DUTY

Stamp duty is not payable by shareholders on share transactions within Australia.

GOODS AND SERVICES TAX (GST)

Australian GST should not be imposed on the disposal of Somerton Shares by Somerton shareholders or conversely the acquisition of Cooper shares, as transactions of this nature are input taxed for GST purposes.

Where a Somerton shareholder is registered for Australian GST purposes, no GST will be payable on the transaction however, the shareholder will not be entitled to input tax credits on costs associated with the acquisition and disposal of the Somerton/Cooper shares.

There may be provision for a GST registered shareholder to obtain the full input tax credit where the GST credit;

- i) is less than \$50,000 (not just the current transaction, but all financial supplies); and
- ii) less than 10% of the total GST credits for the registered shareholder.

Whether or not the thresholds are exceeded is determined on a rolling monthly basis, looking at both the expectations for the next year (starting with the current month and looking to the next 11 months), and also the previous year (starting with the current month and looking back 11 months).

Where these thresholds fail, a reduced input tax credit of 75% may be allowed for specific types of expenses.

6.1 OPERATIONS

(a) Overview

Somerton is a petroleum exploration company listed on the ASX and based in Adelaide, South Australia. Somerton's activities are focused in the onshore Otway and Gippsland Basins of Victoria and South Australia, where it holds interests in 7 petroleum tenements.

Somerton was established in 1999 and listed on the ASX in 2001 (under its former name of Essential Petroleum Resources Limited).

(b) Tenements

As at the date of this Target's Statement, Somerton has an interest in the following petroleum exploration permits/licences:

TENEMENT	LOCATION	INTEREST	EXPIRY DATE	OPERATOR	AREA (KM ²)
PEL 186 ¹⁵	Otway Basin, South Australia	33.33%	27 April 2017	Somerton Energy Limited	709
PEL 495	Otway Basin, South Australia	15%	1 March 2014	Cooper Energy Limited	792
PEP 150 ¹⁶	Otway Basin, Victoria	20%	-	Beach Energy Limited	3,253
PEP 151	Otway Basin, Victoria	75%	15 July 2014	Somerton Energy Limited	864
PEP 168	Otway Basin, Victoria	50%	6 June 2013	Beach Energy Limited	772
PEP 171 ¹⁷	Otway Basin, Victoria	25%	-	Beach Energy Limited	1,962
PRL 2 ¹⁸	Gippsland Basin, Victoria	Earning up to 16.67%	26 February 2017	Beach Energy Limited ¹⁹	687

Further, Beach Energy has granted Somerton options to earn interests in acreage in the Bonaparte Basin including up to an 18% interest in EP 126 and EPA 138 and up to an 10% interest in EPA 135 and NTC/ P10) under the same farm-in terms as Beach Energy Limited has agreed with Territory Oil and Gas Pty Limited. However, these options are subject to a change of control provision and, accordingly, if the Cooper Bid is successful the options may be lost.

Beach Energy and Somerton have a strategic alliance agreement which provides a framework for joint activities between the two companies and the provision of support services by Beach Energy to Somerton. However the strategic alliance between Beach and Somerton must be terminated as a condition of the Cooper Offer.

¹⁵ PEL 186 renewal approved by Minister and in progress

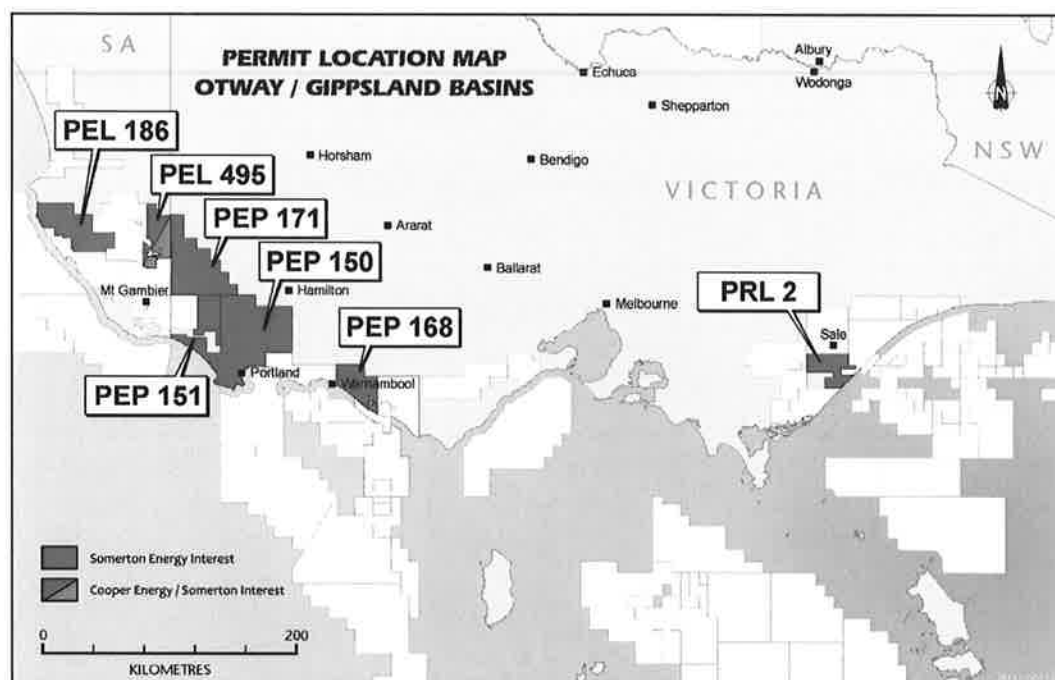
¹⁶ Award subject to finalisation of Native Title negotiations

¹⁷ Award subject to finalisation of Native Title negotiations

¹⁸ Subject to completion of farm-in obligations

¹⁹ Pursuant to a joint venture agreement between Beach Energy Limited and Lakes Oil NL, Beach Energy Limited is the operator of PRL 2. However, the registered operator of PRL 2 named on the DPI Register as at the date of this Target's Statement was Lakes Oil NL.

(c) Location of Somerton's Petroleum Exploration Permits/Licences



6.2 STRATEGY

Somerton has a primary objective to deliver high returns to its shareholders through the discovery of petroleum, with a focus on unconventional plays in the onshore Australian region.

The Company's activities are primarily focussed on the Otway Basin, which Somerton considers to be one of the most prospective areas in Australia for the discovery of shale gas and other unconventional petroleum resources.

Somerton's Otway Basin portfolio has been developed to focus primarily on Casterton Formation plays in the western Otway Basin, which Somerton considers have the potential to host significant unconventional gas and oil resources.

6.3 FINANCIAL POSITION

Copies of Somerton's annual reports from which the financial information was extracted can be found on Somerton's website at www.somertonenergy.com.au. These reports also contain details of Somerton's accounting policies. Shareholders without internet access can obtain copies of these reports by contacting Somerton's Information Line on 1800 704 395 (within Australia) or +61-2- 8256 3393 (outside Australia) between 9am and 5pm (AEST) Monday to Friday.

6.4 STATUS OF EXPLORATION AND APPRAISAL ACTIVITIES

LICENCE	ACTIVITIES
PEL 186	<ul style="list-style-type: none"> PEL 186 covers portions of the Robe, St Clair and Penola Troughs and is considered by Somerton to be prospective for a wide variety of conventional and unconventional oil and gas plays. Acquisition of 3D seismic commenced in April 2012, aimed at developing a prospect for drilling in 2013.
PEL 495	<ul style="list-style-type: none"> PEL 495 covers a portion of the Penola Trough which Somerton considers to be highly prospective for unconventional oil and gas plays. The Sawpit-2 exploration well is scheduled for drilling in the fourth quarter of 2012.
PEP 151	<ul style="list-style-type: none"> The northern portion of PEP 151 covers a portion of the Early Cretaceous Tantanoola Trough where three leads have been identified. The prospective area is, however, predominately located within an area of high conservation value. Activity in the tenement is on hold while the feasibility of seismic acquisition in this area is determined.
PEP 150	<ul style="list-style-type: none"> Somerton considers that PEP 150 is primarily prospective for Casterton Formation oil plays in the Ardonachie Trough. Grant of the tenement is contingent upon entering into an agreement with native title claimants. Negotiations have been completed in relation to the key principles of the agreement. This is expected to lead to finalisation of the agreement and grant of the tenement during the first half of 2012.
PEP 168	<ul style="list-style-type: none"> PEP 168 contains the undeveloped East Wing gas discovery. A 100 km 2D seismic survey was acquired in March/April 2012 to prove up drilling locations in the East Wing vicinity. Somerton expects that, subject to the results of the recent seismic, at least one gas exploration well will be drilled in PEP 168 in 2013.
PEP 171	<ul style="list-style-type: none"> Grant of the tenement is contingent upon entering into an agreement with native title claimants by 30 June 2013. PEP 171 covers a significant portion of the Casterton fairway in the Penola Trough and is considered by Somerton to be prospective for both conventional and unconventional oil and gas plays.
PRL 2	<ul style="list-style-type: none"> PRL 2 is a retention lease in the onshore Gippsland Basin, eastern Victoria containing the Wombat tight gas accumulation, which has been estimated to contain a 2C Contingent Gas Resource of 329 BCF²⁰. Somerton is earning up to a 16.7% interest in PRL 2 by participating in a program of fracture stimulation and well testing designed to prove that gas production from the Wombat Field is economically viable. Fracture stimulation of Wombat-4 Boundary Creek-2 is planned for the second quarter of 2012.

²⁰ Refer to Quarterly Exploration Report announced to the ASX on 25 October 2010.

LICENCE	ACTIVITIES
EP 126, EPA 138, EPA 135 and NTC/P10	<ul style="list-style-type: none"> EP 126 and EPA 138 are onshore tenements and EPA 135 and NTC/P10 are offshore tenements in the Bonaparte Basin. Previous drilling has proven the presence of working petroleum systems in the area and Somerton considers these are to be primarily prospective for unconventional gas and petroleum plays. Somerton has obtained options from Beach Energy to earn interests of up to 18% in EP 126 and EPA 138 and up to a 10% in EPA 135 and NTC/P10 under the same farm-in terms as Beach Energy has agreed with Territory Oil and Gas Pty Limited. Options over these permits are subject to a change of control provision and, accordingly, if the Cooper Bid is successful the options may be lost

6.5 DIVIDENDS AND DIVIDEND POLICY

Somerton has not paid any dividends since listing on the ASX. As an exploration company, Somerton's Directors consider it unlikely that Somerton will pay dividends in the foreseeable future if the Company continues as a stand-alone entity with its current business composition.

6.6 RECENT TRADING PRICES OF SOMERTON SHARES AND COOPER SHARES

The following table sets out the VWAPs of Somerton Shares and Cooper shares for specified periods, along with the implied value of the Cooper Offer:

VWAP PERIOD	SOMERTON SHARES	COOPER SHARES	IMPLIED VALUE OF COOPER OFFER (ALL SHARES ALTERNATIVE)	IMPLIED VALUE OF COOPER OFFER (CASH AND SHARES ALTERNATIVE)
6 months prior to announcement of Cooper Offer	13.9c	49.6c	17.7c	19.5c
3 months prior to announcement of Cooper Offer	14.3c	52.5c	18.7c	20.1c
Announcement of Cooper Offer to 1 May 2012	20.3c	60.9c	21.8c	21.9c

6.7 CONTINUOUSLY DISCLOSING ENTITY

As a company listed on the stock market operated by the ASX and a 'disclosing entity' under the Corporations Act, Somerton is subject to regular reporting and continuous disclosure obligations. Somerton's recent announcements are available on the company's website at www.somertonenergy.com.au. Further announcements concerning developments will continue to be made available on this website after the date of this Target's Statement. These documents can also be accessed through the ASX's website at www.asx.com.au.

6.8 NO MATERIAL LITIGATION

The Directors are not aware of any current material litigation involving Somerton.

6.9 ISSUED CAPITAL

At the date of this Target's Statement, there are 143,486,642 Somerton Shares on issue.

Somerton has also issued 1,000,000 Incentive Rights to Hector Gordon. The issue of these Incentive Rights was approved by Somerton Shareholders in General Meeting. These Incentive Rights will vest on 22 April 2013 (provided that Mr Gordon has been in continuous employment of Somerton during the period up to the vesting date). Upon vesting, each Incentive Right may be converted into an ordinary share in Somerton at the election of Mr Gordon.

The terms of the Incentive Rights state that if a takeover bid is made to acquire Somerton Shares, at any time offers under a takeover bid remain open for acceptance, the Board may give written notice of the bid to the holder of the Incentive Rights, stating that any or all of the Incentive Rights as determined by the Board may be exercised by a prescribed date.

The Board has resolved that Mr Gordon will be able to exercise all of his Incentive Rights upon Cooper achieving a 90% interest in Somerton Shares or the Cooper Offer becoming unconditional, while the Offer remains open for acceptance.

Further, Mr Gordon has given an undertaking to Somerton that he will exercise all of his remaining Incentive Rights within 2 Business Days of receiving notice from the Board.

6.10 SUBSTANTIAL HOLDERS

Substantial holder notices lodged with the ASX before 2 May 2012 (being the date on which this Target's Statement went to print) indicated that the following entities (together with any of their associates) have Relevant Interests in 5% or more of Somerton Shares:

ORDINARY SHAREHOLDERS	NUMBER	PERCENTAGE
Beach Energy Limited	80,100,040	56.61% ²¹
Cooper Energy Limited	27,072,462	19% ²²
Peter J Woodford	24,446,745	17.28% ²³

²¹ As disclosed in the substantial holder notice dated 29 September 2010. Current holding as at the date of the Target's Statement is 80,100,040 shares representing 55.82%.

²² As disclosed in the substantial holder notice dated 19 April 2012, obtained as a result of the pre-bid acceptance agreements set out in section 1.7 and includes 18,228,274 Shares owned or controlled by Peter J Woodford. As at the date of this Target's Statement Cooper's interest is 18.87% following the issue of 1,000,000 Shares to Hector Gordon on 23 April 2012 upon the exercise of certain Incentive Rights.

²³ As disclosed in the substantial holder notice dated 28 September 2010. Current holding as at the date of this Target's Statement is 26,037,371 shares representing 18.15%.

6.11 COMPETENT PERSON'S CONSENT

The information in this section that relates to Somerton's petroleum resources is based on information compiled by Mr Hector Gordon, who is a full time employee of Somerton, is qualified in accordance with ASX listing rule 5.11 and has consented to the inclusion of this information in the form and context in which it appears.

7.1 DIRECTORS

ROBERT KENNEDY

Non-Executive Chairman

Mr Kennedy is a chartered accountant and a consultant to Kennedy & Co, a firm he founded. He has expertise in the resources sector as chairman and non-executive director of a range of listed public companies. Mr Kennedy was appointed as a director of Somerton on 22 April 2010.

He is also a director of ASX listed companies Beach Energy Limited (since 1991), Ramelius Resources Limited (since 1995), Flinders Mines Limited (since 2001), Maximus Resources Limited (since 2004), ERO Mining Limited (since 2006), Monax Mining Ltd (since 2004) and Marmota Energy Limited (since 2007).

HECTOR GORDON

Managing Director

Mr Hector Gordon is a geologist with over 30 years experience in the petroleum industry. His previous employers include Beach Energy Limited, Delhi Petroleum Pty Ltd, Esso Australia Pty Ltd, AGL Petroleum and Santos Limited. He is a member of the American Association of Petroleum Geologists and the Society of Petroleum Engineers and is a Fellow of the Australian Institute of Company Directors.

Mr Gordon was appointed as a director of Somerton on 22 April 2010.

He has also been a director of ERO Mining Limited since 2011.

PETER MULLINS

Non-Executive Director

Mr Peter Mullins has over 40 years banking experience in Australia and New York, USA. Mr Mullins retired as Head of Institutional Banking South Australia and Northern Territory with the Commonwealth Bank of Australia in January 2009, to take up his present part time role as Senior Advisor, Institutional and Corporate Banking for the Commonwealth Bank in South Australia and Northern Territory. He is a Fellow of the Financial Services Institute of Australasia and graduated from the Advanced Management Program at the University of Melbourne – Mt Eliza, in 1987.

Mr Mullins was appointed a director of Somerton on 22 April 2010.

Please see Part 3 of the Bidder's Statement for information about Cooper Energy Limited.

9.1 DIRECTORS' INTERESTS IN SOMERTON SHARES

At the date of this Target's Statement, the Directors had Relevant Interests in the following Somerton Shares:

DIRECTOR	SOMERTON SHARES	% OF ISSUED CAPITAL	INCENTIVE RIGHTS
Robert Kennedy	1,000,000	0.7%	0
Hector Gordon	3,605,165	2.5%	1,000,000
Peter Mullins	250,000	0.2%	0

The Directors agreed, on 18 April 2012, to accept the Cooper Offer in respect of Somerton Shares they hold or control²⁴.

The terms of the Incentive Rights held by Mr Gordon allow the Somerton Board to give written notice to Mr Gordon stating that any or all of the Incentive Rights as determined by the Somerton Board may be exercised by a prescribed date in the event that a takeover bid is made to acquire Somerton's Shares. The Somerton Board will give notice to Mr Gordon upon the Offer achieving 90% participation at which time Mr Gordon has undertaken to exercise those Rights within 2 business days. Mr Gordon intends to accept the Cooper Offer in respect of Somerton Shares issued to him upon the exercise of Incentive Rights in the absence of a Superior Proposal.

9.2 DIRECTORS' RECENT DEALINGS IN SOMERTON SHARES

As at the date of this Target's Statement, no Somerton Director nor any of their respective associates has acquired or disposed of any Somerton Securities in the four month period ending on the date immediately before the date of this Target's Statement, save for the issue of 1,000,000 ordinary shares issued to Hector Gordon on 23 April 2012, pursuant to the exercise of his Incentive Rights approved at Somerton's General Meeting on 27 July 2010.

9.3 DIRECTORS' INTERESTS IN COOPER SECURITIES

On 24 December 2010 Mr Robert Kennedy acquired an interest in 100,000 shares in Cooper through an entity owned or controlled by him.

No other director of Somerton has any interest in Cooper's shares.

9.4 BENEFITS AND AGREEMENTS

Subject to the qualifications set out below:

- (a) No person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from the board of directors of Somerton or a related body corporate of Somerton.
- (b) There are no agreements made between a Director and another person in connection with, or conditional upon, the outcome of the Cooper Offer, other than in the Director's capacity as a holder of Somerton Shares.
- (c) No Director has an interest in any contract entered into by Cooper.

Each of the Somerton Directors has entered into (or procured their associated entity to enter into) a pre-bid acceptance agreement with Cooper, whereby they have agreed to accept the Cooper Offer in respect of Somerton Shares they hold²⁵.

Further, if Cooper acquires a Relevant Interest in 90% or more of Somerton Shares and waives any other applicable conditions of the Offer, it has agreed to appoint Hector Gordon to its board of directors. Mr Gordon will be appointed as an executive director of Cooper. Mr Gordon does not consider that the agreement regarding his appointment gives rise to any material conflict of interest. His reasons for this are as follows:

²⁴ Mr Gordon's pre-bid acceptance agreement does not include the 1,000,000 Somerton Shares issued to him on 23 April 2012 (which was following the date of his pre-bid acceptance agreement) upon the exercise of certain Incentive Rights.

²⁵ See note 24 above regarding Mr Gordon's Shares.

- (a) the remuneration he would receive as a director of Cooper is similar to the remuneration the he receives as a director of Somerton;
- (b) his recommendation that Somerton Shareholders accept the Cooper Offer is subject to no Superior Proposal being made in respect of Somerton; and
- (c) Mr Gordon considers it to be beneficial for Somerton Shareholders and the Merged Entity generally that Somerton Shareholders are represented on the Cooper board.

9.5 DIRECTORS' RECENT DEALINGS IN COOPER SECURITIES

No Director has acquired or disposed of a Relevant Interest in any securities in Cooper in the four month period immediately preceding the date of this Target's Statement.

10.1 CONSENTS

Each of the parties referred to in this section:

- (a) has not authorised or caused the issue of this Target's Statement;
- (b) does not make, or purport to make, any statement in this Target's Statement, nor is any statement in this Target's Statement based on any statement by any of those parties; and
- (c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement other than a reference to its name and a statement included in this Target's Statement with the consent of that party as specified in this section.

TressCox Lawyers has given and has not before the date of this Target's Statement withdrawn its consent to be named in this Target's Statement as Somerton's legal adviser in the form and context in which it is named.

GMP Securities Australia Pty Ltd, as corporate advisers to Somerton, has consented to be named in this Target's Statement as Somerton's corporate advisers and, as at the date of this Target's Statement, has not withdrawn that consent.

Computershare Investor Services Pty Limited has given and has not before the date of this Target's Statement withdrawn its consent to be named in this Target's Statement as Somerton's share registry in the form and context in which it is named.

Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of this Target's Statement other than being named as Share Register to the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of this Target's Statement.

The information in this Target's Statement that relates to Somerton's petroleum resources is based on information compiled by Mr Hector Gordon, who is a full time employee of Somerton, is qualified in accordance with ASX listing rule 5.11 and has consented to the inclusion of this information in the form and context in which it appears.

10.2 FEES PAYABLE TO ADVISERS

TressCox Lawyers has acted as legal adviser to Somerton in relation to the Cooper Offer and will be entitled to receive professional fees calculated in accordance with its normal time-based charges.

GMP Securities Australia Pty Ltd has acted as corporate adviser to Somerton in relation to the Cooper Offer. Somerton has paid or agreed to pay GMP a retainer of \$20,000 per month (in respect of which a total of \$40,000 has been paid to the date of this Target's Statement) for advisory services in relation to the Cooper Offer. GMP will also be entitled to a success fee of 2.5% of the transaction value if certain conditions are met²⁶.

The amounts disclosed above are exclusive of any amount of GST that maybe payable in respect of those amounts.

10.3 PUBLICLY AVAILABLE INFORMATION

This Target's Statement contains statements which are made in, or based on statements made in, documents lodged with ASIC or given to the ASX by Cooper or Somerton.

As required by ASIC class order 01/1543, Somerton will make a copy of these documents (or the relevant extracts) free of charge to Somerton Shareholders who request them during the Offer Period. Somerton Shareholders may obtain a copy of those documents free of charge during the Offer Period by contacting Somerton's Shareholder Information Line on 1800 704 395 (within Australia) or +61-2- 8256 3393 (outside Australia) between 9am and 5pm (AEST) Monday to Friday.

A list of all of Somerton's announcements made to the ASX since 12 August 2011 is contained in Annexure B to the Bidder's Statement.

As permitted by ASIC class order 03/635, this Target's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or published book, journal or comparable publication,

²⁶ The transaction value will be the implied value of Somerton upon Cooper obtaining a 90% voting interest in Somerton or otherwise obtaining effective control (control event). The value of the scrip component will be based on the volume weighted average price of Cooper shares over the 10 trading days prior to satisfaction of the control event.

and the consent of the persons to whom those statements are attributed is not required to be included in this Target's Statement.

Additionally, pursuant to ASIC class order 07/429, this Target's Statement may include or be accompanied by statements containing:

- (a) credit rating references;
- (b) historical geological reports; or
- (c) trading data references,

without the consent of the person to whom those statements are attributed.

10.4 NO OTHER MATERIAL INFORMATION

This Target's Statement is required to include all of the information that Somerton Shareholders and their professional advisers would reasonably require to make an informed assessment about whether to accept the Cooper Offer, but:

- (a) only to the extent to which it is reasonable for Somerton Shareholders and their professional advisers to expect to find this information in this Target's Statement; and
- (b) only if the information is known to any Director.

The Voting Directors of Somerton are of the opinion that the information that Somerton Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Cooper Offer is contained in:

- (a) the Cooper Bidder's Statement (to the extent that the information is not inconsistent with or superseded by information in this Target's Statement);
- (b) Somerton's annual reports and releases to the ASX, and documents lodged by Somerton with ASIC before the date of this Target's Statement; and
- (c) this Target's Statement.

Signed on behalf of Somerton Energy Limited by Peter Mullins, Non-executive Director, who is authorised to sign by a resolution unanimously passed at a meeting of the Voting Directors of Somerton Energy Limited.

Dated 3 May 2012

A handwritten signature in black ink, appearing to read 'P. Mullins', written in a cursive style.

Peter Mullins
Non-executive Director

12.1 DEFINITIONS

In this Target's Statement:

TERM	DEFINITION
All Shares Alternative	means the payment of 1 Cooper Share for every 2.8 Somerton Shares under the Cooper Offer.
Announcement Date	means 19 April 2012.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
Beach or Beach Energy	means Beach Energy Limited ACN 007 617 969.
Bid	means an off-market bid under Chapter 6 of the Corporations Act under which Cooper offers to acquire all of the Somerton Shares on the terms set out in the Bidder's Statement.
Bidder's Statement	means the Cooper bidder's statement dated 30 April 2012 together with the supplementary bidder's statement dated 3 May 2012 which contains the Cooper Offer.
Competing Proposal	means any expression of interest, proposal or offer by any person (other than Cooper or its associates) made in writing to Somerton to evaluate or enter into any transaction (whether a scheme of arrangement, a takeover bid or otherwise) under which: <ul style="list-style-type: none"> (a) that person (together with its associates) may acquire a Relevant Interest in 10% or more of the Somerton Shares; (b) that person may acquire, directly or indirectly (including by way of joint venture, dual listed company structure, strategic alliance or otherwise), any interest in all or a substantial part of the business or assets of Somerton; (c) that person may otherwise acquire control of, or merge or amalgamate with Somerton; or (d) any acquisition of, or agreement to acquire, a Relevant Interest in 10% or more of the Somerton Shares by any person (other than Cooper or its associates).
Conditions	means the conditions precedent to the Cooper Offer set out in section 7 of Part 9 of the Bidder's Statement.
Cooper	means Cooper Energy Ltd ACN 096 170 295.
Cooper Offer or Offer	means the offer by Cooper to acquire Somerton Shares, set out in Part 9 of the Cooper Bidder's Statement.
Cooper Shares	means the fully paid ordinary shares in Cooper.
Corporations Act	means Corporations Act 2001 (Cth).
Directors	means the directors of Somerton.
End Date	means the earlier of: <ul style="list-style-type: none"> • the day the Merger Implementation Agreement is validly terminated; • the day Cooper and its associates obtain a Relevant Interest in 90% of Somerton Shares; and • the end of the Offer Period.

TERM	DEFINITION
FY	means financial year.
Governmental Agency	means any government or any governmental, semi-governmental, administrative, statutory or judicial entity, authority or agency, whether in Australia or elsewhere, including the Australian Competition and Consumer Commission (but excluding the Takeovers Panel, ASIC and any Court that hears or determines proceedings under 657G or proceedings commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Bid). It also includes any self-regulatory organization established under statute or any stock exchange.
GST	has the meaning given to that term in A New Tax System (Goods and Services Tax) Act 1999 (Cth).
Incentive Rights	means incentive rights issued pursuant to a resolution of Shareholders and convertible in certain circumstances into Somerton Shares.
Ineligible Foreign Shareholder	means a holder of Somerton Shares whose address as shown in Somerton's register of members is in a jurisdiction other than Australia or its external territories or New Zealand, unless Cooper otherwise determines after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to a Somerton Shareholder in the relevant jurisdiction and to issue Cooper Shares to such a Somerton Shareholder on the acceptance of the Offer.
Merged Entity	means the merged entity created from the merger of Cooper and Somerton where Cooper acquires 100% of Somerton.
Merger Implementation Agreement	means the merger implementation agreement between Cooper and Somerton dated 18 April 2012 and attached as Schedule 2 to the joint Cooper and Somerton announcement lodged with the ASX on 19 April 2012.
Notice of Status of Conditions	means the notice served upon Somerton by Cooper at least 7 days prior to the close of the Offer setting out what, if any, condition remain outstanding.
Offer Period	means the period during which the Cooper Offer will remain open for acceptance.
Offer Price	means the consideration payable by Cooper under the Cooper Offer.
Record Date	means, for the purposes of section 633(2) of the Corporations Act, the date for determining each person to whom information is to be sent under items 6 and 12 of section 633(1) of the Corporations Act for each Offer, being 1 May 2012.
Relevant Interest	has the meaning given to that term by section 9 of the Corporations Act.
Shareholder	means a holder of one or more Shares.
Shares and Cash Alternative	means the consideration comprising one Cooper Share for every 4.73 Somerton Shares plus 9 cents for each Somerton Share to be acquired under the Offer.
Shares or Somerton Shares	means the fully paid ordinary shares in Somerton.
Somerton or the Company	means Somerton Energy Limited ACN 089 956 150.

TERM	DEFINITION
Superior Proposal	means a Competing Proposal that the Somerton Board has determined acting in good faith, taking into account all aspects of the Competing Proposal, is: (a) reasonably capable of being completed; and (b) more favourable to Somerton Shareholders than the Bid.
Target's Statement	means this document, being Somerton's target's statement in response to the Cooper Offer.
Voting Directors	means the Directors with the exception of Robert Kennedy who has abstained from making a recommendation due to his non-executive chairmanship in Beach Energy Limited as Beach Energy Limited is a 55.82% shareholder in Somerton and due to his personal holding in Cooper of 100,000 shares.
VWAP	means volume weighted average price.

12.2 INTERPRETATION

In this Target's Statement, unless the context otherwise requires:

- (a) headings are for convenience and do not affect the interpretation;
- (b) words or phrases defined in the Corporations Act have the same meaning in this Target's Statement;
- (c) a reference to a section is a reference to a section of this Target's Statement;
- (d) a singular word includes the plural and vice versa;
- (e) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (f) a reference to a person includes a corporation, trust, partnership, unincorporated body, government and local authority or agency, or other entity whether or not it comprises a separate legal entity;
- (g) a reference to legislation or to a provision of legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
- (h) a reference to '\$' or 'dollar' is to Australian currency; and
- (i) a reference to time is to Australian Eastern Standard Time unless it is specifically noted otherwise.

